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JPRS Report

East Asia

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CONTENTS

7 SEPTEMBER 1989

INDONESIA

Ministers on Foreign Aid, Loan Policy [KOMPAS 1 Aug]	1
Energy Minister on OPEC Production Quota [KOMPAS 31 Jul]	2
PPP Officials Criticize Party Chairman [KOMPAS 1 Aug]	3

MALAYSIA

UMNO-MCA Ties Improved [WATAN 27 Jul]	6
PAS Says Razaleigh Not Supportive [UTUSAN MALAYSIA 27 Jul]	6
Importance of Industrial Research Institute Stressed [UTUSAN MALAYSIA 26 Jul]	7
Mahathir's Visit	7
Science Minister's Statements	7
Article Notes Semiconductor Industry Developments, Prospects [BERITA HARIAN 26 Jul]	8

PHILIPPINES

Ayala, Japanese Partners To Set Up Industrial Zone [MALAYA 25 Jul]	9
Japanese Firms Remain Bullish on Manila Investment [BUSINESS WORLD 10 Jul]	9
Taiwan Investment Potential Hinges on Relations Act [BUSINESS WORLD 25 Jul]	10
President Aquino Donates 6 Million Pesos to Urban Poor [THE MANILA TIMES 24 Jul]	10
Industrialist Warns of Foreign Exchange Shortage [MALAYA 26 Jul]	11
Congress, Peasant Groups Analyze Land Reform Law Defects [THE MANILA TIMES 5 Jul]	11
Propaganda War Evolves Over Alleged Church Aid to NDF [THE MANILA CHRONICLE 17 Jul]	12
Negros Church, Military Meet Over Differences [PHILIPPINE DAILY INQUIRER 13 Jul]	15
Cojuangco Exploits Industrial Alternative for Agriculture Products [MALAYA 26 Jul]	16
Fortich on Anticommunist 'Hit List' [WE FORUM 21-23 Jul]	17

VIETNAM

POLITICAL

Law on Election of People's Council Representatives [NHAN DAN 18 Jul]	18
Law on Organization of People's Councils, People's Committees [NHAN DAN 17 Jul]	25
Party Organization Plays Leading Role in Frontier Area [NHAN DAN 31 Jul]	34
Hanoi Inspection Work Under Renovation [HANOI MOI 24 Jul]	35
600 Students Riot in Ho Chi Minh City Park [SAIGON GIAI PHONG 12 Jul]	35

MILITARY

Transport Units Prepare for Cambodian Withdrawal [QUAN DOI NHAN DAN 15 Jul]	36
Interview of General Staff Officer on Training [QUAN DOI NHAN DAN 17 Jul]	36
Artillery Regiment Attains Good Training Results [QUAN DOI NHAN DAN 18 Jul]	38

ECONOMIC

Conference Held on Political Bureau Economic Decision [SAIGON GIAI PHONG 9 Jul]	39
Municipal Industrial Production in Crisis [SAIGON GIAI PHONG 9 Jul]	40
Tax Collection Work in Alarming Condition [NHAN DAN 26 Jul]	41
Causes of Tax Collection Shortfall [NHAN DAN 26 Jul]	41
Taxation Inequities Deplored [QUAN DOI NHAN DAN 18 Jul]	43
Writer Says Finding Jobs for Youths Is Urgent Problem [QUAN DOI NHAN DAN 3 Aug]	45

SOCIAL

College Students Protest Living Conditions [TIEN PHONG 13 Jun]	46
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Ministers on Foreign Aid, Loan Policy

42130122a Jakarta KOMPAS in Indonesian
1 Aug 89 p 1

[Text] Jakarta, KOMPAS—As far as possible, Indonesia always uses its foreign loans, whether from industrialized nations or international financial institutions, for development purposes. Therefore, Indonesia will flatly reject any loan aid that does not correspond to its pattern for development. Since Indonesia's position toward industrialized nations that make loans is very strong, those nations cannot determine projects based on their own wishes.

Prof Dr Saleh Afiff, minister of state for national development planning and chairman of BAPPENAS [National Development Planning Board], and Engr Radinal Mochtar, minister of Public Works, presented Indonesia's position on foreign loans to KOMPAS on Monday afternoon [31 July] at BAPPENAS. Engr Ary Mochtar Pedju, M ARCH [Master of Architecture], general chairman of the Indonesian National Association of Consultants (INKINDO), was also present.

The statements of the two ministers, who are advisers to INKINDO, were presented in order to correct opinions expressed by Engr Ary Mochtar, as published by KOMPAS yesterday. The general chairman of INKINDO had said among other things that Indonesia's position is very weak in discussing foreign loans with industrialized nations that provide loans.

"It is not true that Indonesia's position is weak. Indonesia always determines for itself which projects are to be financed by foreign loans. Similarly, we see to it that stipulations on the implementation of such projects correspond to the interests of development, including the utilization of domestic products and Indonesian workers," Minister Saleh Afiff said.

Blue Book

The BAPPENAS chairman said further that each project presented to lending countries is determined and handled by Indonesia itself. The projects are entered in a book known as the "Blue Book." Then, in meetings of the IGGI [Intergovernmental Group on Indonesia] (made up of donors to Indonesia), the nations or international financial institutions that provide loans choose projects from the Blue Book.

"If a lender proposes a project not in the Blue Book, it is immediately rejected. In practice, they have never forced a project. Indonesia is able to determine for itself the projects it wants financed with foreign aid," he said as he displayed the latest edition of the Blue Book, containing projects valued at \$7.8 billion for which feasibility studies have been completed.

Indonesia has given lengthy study to the projects incorporated in the Blue Book. At this stage, it is quite possible for a lending country to propose a project. Such

a proposal would be studied, however, and adapted to existing development priorities and to available funds, among other things.

"The implementation of Indonesian development actually can be seen in PELITA [5-Year Development] projects. Lending countries must agree to projects that correspond to this development program. They always respect the program and do not force on us projects that do not correspond to it," Radinal Mochtar added.

It is clear, said Saleh Afiff, that Indonesia's position is very strong in determining which projects are to be financed with foreign aid. This strength is further enhanced by Indonesia's increased capability to analyze projects, thus enabling us to know exactly which ones are needed for development.

"We are able to prepare for projects ourselves. Since we have been building for 20 years, we of course have become more capable," he said.

From the Beginning

Saleh Afiff also took the opportunity to dispute Ary Mochtar's opinion that a body like the one provided for in KEPPRES [Presidential Decision] 10 of 1980 should be formed at the beginning of an approved project in order to better use domestic products. "When a project is determined, we give comprehensive consideration to domestic interests from the beginning. Hence, the formation of another new body is not necessary," he said.

The chairman of BAPPENAS then described in the detail the process of determining a project, right up to the implementation of its development. He said the first phase is to identify the projects to be financed with foreign loan funds.

The government gives a project thorough consideration by looking at economic, social, and regional development aspects. The project is then discussed among BAPPENAS, the technical departments, the Department of Finance, and Bank Indonesia.

"In identifying a project, the issue of using domestic products and services is not brought up. This does not mean, however, that the issue is ignored, for the interests of the people are the main purpose of a project. For example, the objective of developing a coastal area is better communications in the coastal region," he said.

The next phase is the feasibility study, which analyzes locations for the project and makes extensive study of its impact, economic and otherwise. The feasibility study is needed for determining priority, for if the project's benefit is greater than that of others it will be given higher priority. Projects that have been identified and for which feasibility studies have been completed are then incorporated in the Blue Book for presentation in the IGGI meeting.

Feasibility studies are not performed by Indonesian consultants only but by foreign consultants, too. Everything depends on the source of the funds. For example, if funds come from the World Bank and the Asian Development Bank (ADB), international tenders are announced for selecting consultants who will make the feasibility studies. Regardless of the source of the consultants, however, the Indonesian Government does not automatically accept a study. In fact, if it turns out that the project will not correspond to development targets, attention can then be transferred to other projects.

Domestic Production

The last phase before the implementation of a project tender is the engineering phase, which is the technical analysis of a project. For example, it once happened that there were mistakes made in this phase on an irrigation project, with the result that the irrigation channels were higher than the water source, preventing water from flowing.

It is in this phase that the project can be directed to make maximum use of domestic products and services, or, at least, to permit Indonesian products to compete for the project under international tenders.

"Take, for example, an irrigation project requiring pumps with a capacity of 10 liters per second. If, later, it is found that domestically produced pumps have a maximum capacity of 7 liters per second, the project can be changed to use two pumps handling 5 liters per second," added Radinal Mochtar.

Because tenders are also requested for the detailed design of a project, Indonesian consultants do not always get the opportunity, but it is preferable for Indonesian consultants to do the work, since they best understand Indonesian conditions. We must always comply with the rules, however. For example, World Bank aid must use international tenders. "Therefore, the important thing is how Indonesian consultants can be able to win the project."

Although the consultants may be foreign, the Indonesian Government does not automatically accept their work. As owner of the project, the government receives a report every 3 months on the work of consultants on a project. Through this report, the possibility of using domestic products can be ascertained. Thus, the government will ask for changes if it appears that the project will benefit foreign industries and eliminate possible Indonesian participation in project tenders.

"We can put consultants on a blacklist if they are found trying to use imports," said the chairman of BAPPE-NAS.

The project tender phase itself then follows the engineering phase. Because it was arranged in the engineering phase that domestic products will be able to compete, Indonesian contractors can take part in project tenders. In fact, there should be a great possibility that

they will win, for Indonesians get a 15 percent preference in World Bank project tenders. This means that Indonesian contractors will win if they offer prices that are no more than 15 percent higher than others. Under Japanese aid, developing countries are permitted to submit tenders.

"Through the various deregulation steps, domestic products should be able to win tenders. We only provide the way; it is now up to businesses to improve their efficiency," Saleh Afiff said. He added that of the \$4.3 billion in IGGI aid for 1989, \$3.5 billion is from Japan, the World Bank, and the Asian Development Bank. All of these have agreed that Indonesia will be able to participate in tenders, thus making great opportunities.

They said that the team formed in compliance with KEPPRES 10 of 1980 was for the purpose of, among other things, making maximum use of domestic products. Originally, the team functioned at the phase following tenders. This often caused problems, for if changes were needed a more lengthy process was required. The team's operations were later changed to enable it to handle projects prior to the tender stage.

Energy Minister on OPEC Production Quota

42130122c Jakarta KOMPAS in Indonesian
31 Jul 89 p 1

[Text] Jakarta, KOMPAS—Indonesia will not propose increases in OPEC production quotas in the meeting to be held in Geneva, Switzerland, on 22 September for monitoring production and prices. If such increases occur, however, Indonesia will not object.

Minister of Mining and Energy Engr Ginandjar Kartasasmita revealed this in Jakarta on Saturday [29 July] following his installation of Dr Engr Adjat Sudrajat as director general for Geology and Mineral Resources (GSDM), who replaced Prof Dr J.A. Katili, and eight other key officials of the Department of Mining and Energy (DPE).

The other officials installed were Engr Bambang Sulastoro (member of the Supervisory Council of PERUM Batubara [Public Corporation for Coal]), Udo Syarif Hidayat, SH [Master of Laws], (member of the Council of Commissioners of PT [Limited Company] Miscellaneous Mining), Engr Moch. Boesono (PERUM Batubara director), Dr Engr Umar Said (acting chief of the Planning Center), Dr Engr Ukar Wijaya Soelistijo, MS (acting chief of the Mineral Technology Development Center), Drs Totong Suhanda (acting secretary of the Directorate General for GSDM), Dr J.B. Kristiadi Pujosukanto (member of the Council of Commissioners of PT Miscellaneous Mining), and Engr R.A. Sunardi (secretary of the Directorate General for Public Works).

He made this explanation in connection with continued mediocre market conditions and Indonesia's very limited oil reserves. On a separate occasion, the minister said Indonesia is still able to observe the OPEC quota of

1.34 million barrels per day, since current production capacity is 1.6 million barrels per day. It may be difficult for Indonesia to meet new quotas, however, especially if there is much of an increase, since reserves proved by exploration have not expanded very much.

Because oil prices on the world market are again tending to be weak, OPEC countries must be careful and must watch price developments. The arrival of summer has caused a decline in the use of oil, particularly of heavy oils.

"If prices keep falling, it will be hard for OPEC to raise the quota. But if prices are strong in September, all OPEC members are certain to support higher production quotas," he asserted.

OPEC Agreement

In their meeting in Vienna in June, OPEC members agreed to raise the production ceiling to 20 million barrels per day from the existing ceiling of 19.5 million barrels. This will be studied again in the Geneva meeting and will be put into effect on 1 October for the fourth quarter of this year. It was decided in the January meeting to retain the OPEC reference price of \$18.00 per barrel.

According to the minister, prices have declined because of indications of excess OPEC production caused by members who do not observe their quotas.

Prof Subroto, secretary-general of OPEC, who is now in Jakarta and who attended the installations of officials on Saturday, said that the average "basket" price of OPEC oil in the third week of July had further dropped to \$17.40 per barrel. This is lower than the OPEC reference price of \$18.00 per barrel and lower than the average "basket" price at the end of March. Nevertheless, this price is still far above the \$12.00-\$13.00 price of November 1988 prior to OPEC's year-end meeting in Vienna.

"Future oil price developments will greatly depend on positions taken by OPEC ministers in the September meeting," he added.

At Geneva

Prof Subroto said the September meeting originally was to be held in Paris, but because of problems in getting accommodations it was moved to Geneva. The main subjects to be discussed in the meeting will be short-term strategy involving the monitoring of market and production conditions during the fourth quarter of the year and long-term OPEC strategy on such things as calculation of permanent quotas and the restructuring of the OPEC Secretariat.

The former Indonesian minister of mining also said that on the tour he is now making he is reporting to the heads of state of each OPEC member country and is also trying to approach non-OPEC producers. Because improved oil

prices are in their interests, too, they cooperate gladly through such things as reducing production to support prices.

When Prof Subroto met with President Suharto last week, he told the president that international oil demand in 1989 will rise further to 50 million barrels per day. The highest demand ever reached was 52 million barrels per day in 1979, but the figure fell to 45 million barrels in 1985. He is optimistic that petroleum demand will continue and said that the demand in 1990 is estimated to reach 51 million barrels a day. The problem is that oil production by countries outside the socialist bloc is 52 million barrels per day, he commented. Of this amount, 20 million barrels are produced by OPEC.

Minister Ginandjar continues to be optimistic. Although the world oil price has been moving under \$18.00 per barrel recently, the price is not expected to go very low. The standard price of Indonesian oil (MINAS [national oil]) under OPEC is not expected to drop below \$15.00 a barrel, because the present price decline is temporary. The MINAS price for July is still more than \$17.00 per barrel.

Transition of Generations

Minister Ginandjar said the installation of these officials is a step in the effort to make a transition to the next generation at the first and second echelons of the DPE. "Katili was the last member of the '45 generation," he commented.

He emphasized, however, that the transition of generations is moving smoothly, for the previous generation has thoroughly prepared its successors. The next generation must therefore constantly improve on what was established by the preceding generation, particularly in order to face the future, which may be more complex and demanding.

PPP Officials Criticize Party Chairman

42130122b Jakarta KOMPAS in Indonesian
1 Aug 89 p 1

[Text] Jakarta, KOMPAS—A number of officials of the Central Executive Council (DPP) and the Party Deliberative Council (MPP) of the Development Unity Party (PPP) protest and greatly deplore the way in which General Chairman Dr H.J. Naro, SH [Master of Laws], has prepared for the Second PPP Congress scheduled for 28-30 August in Jakarta. They feel that Naro has violated principles of legality by taking unconstitutional actions.

The statements of the DPP and MPP officials known as the "Aisyah Amini Group" were presented at a press conference yesterday, Monday, in Jakarta. The DPP officials present were H. Ismail Hasan Metareum, SH, Mrs Aisyah Amini, SH, (both of whom are chairmen), Judo Paripurno, SH, Drs M. Husnie Thamrin (both deputy secretaries-general), and Sofyan Usman

(member). MPP officials present were Hartono Mardjono, SH, (deputy chairman) and Anwar Sanusi (member). Faisal Baasir, SH, (deputy chairman of the PPP DPW [regional executive council] for Jakarta was also present.

Mrs Aisyah Amini said that other officials who had planned to attend were Hanzah Haz, BS, H.M. Ansyari Sjams, Ali Tamin, SH, (the latter two being deputy secretaries-general), Imam Churmen, and H.M. Mohamad Sulaeman (MPP deputy chairman). All of these, who are members of the DPR [Parliament], were either ill or out of town during the DPR recess.

Their regrets and protests related to three things. First, a request by DPP officials that the general chairman hold a DPP meeting to discuss congress matters—including procedures, DPP accountability, party action program, etc.—was utterly ignored. Second, the "Congress Procedures" paper was presented to the MENDAGRI [minister of home affairs] and was discussed with him without being discussed first in a DPP meeting. Third, the general chairman and secretary-general established policies themselves for determining who the congress participants will be, as expressed in their instructions of 21 July 1988 to all DPW's and DPC's [branch executive councils].

Manipulation

"The contents of the instructions revealed H.J. Naro's efforts at manipulation, although on the surface they appeared democratic," said Mrs Aisyah Amini. She cited three matters as examples. Prospective congress participants were required to send curricula vitae to the DPP before 20 August. They consider this a fabricated requirement that can be used for manipulative purposes or for deleting the names of people they do not like. In this connection, the officials felt it necessary also to question the statement General Chairman Naro made in a meeting of the DPP with the F-PP [Development Unity Faction] at the DPR on 21 July 1989, in which he said the DPP may decline to invite certain people to attend the Second PPP Congress.

The next example was the mandate providing that congress participants can be approved by DPW/DPC acting chairmen and secretaries. "This is clearly an opportunity for manipulation," Mrs Aisyah said. She asserted that the intimidation of certain DPW's and DPC's considered not supportive of Naro has now begun. This is being done by sending certain people to the DPP to recommend that some DPW chairmen be terminated and that DPC acting chairmen be appointed, as occurred in the East Jakarta Branch.

The other example was that, in spite of the rule that DPW and DPC delegates be decided in DPW/DPC meetings, some DPW's and DPC's were contacted by telephone and told to send three to five names, from which two people were to be selected as delegates by the DPP (in this case H.J. Naro and Secretary-General Mardinsyah). Furthermore, it was not mentioned at all

in these instructions that all DPW chairmen and secretaries as members of the Party Council (as provided in DPP SK [Letter of Decision] 009/SK/DPP/I/1988) have the right to attend a congress, in compliance with Article 9 of the PPP Constitution.

They pointed out that H. Ismail Hasan Metareum, as a chairman of the DPP, had submitted a congress procedures concept to the DPP for discussion in a DPP meeting but that there has been no response at all.

Eliminate Branch Votes

They also described Naro's version for election of a "formatur" [person who selects the executive leadership], which uses a group and "package" system. The central group is represented by the DPP, which has one package, and the regional groups are represented by 27 DPW's, each with one package.

"This package system is clearly undemocratic, since it eliminates branch votes. According to the party constitution, each branch has the right to one vote, which is equal to the vote held by each region and to the collective vote of the DPP," said Mrs Aisyah and confirmed by Ismail Hasan Metareum and Husnie Thamrin. "The H.J. Naro version must be rejected as undemocratic and in violation of the constitution."

They said that, according to information they had obtained orally or in writing, more than 150 of the 293 PPP branches have declared they will not support Naro for the next term, despite the fact that some of these branches have made written statements supporting him. They made these statements because they feared they will not be permitted to attend the congress. There is basis for that fear, for the report is constantly being heard.

Husnie Thamrin explained that the matter of the letter of support for Naro had its beginning at a meeting of the Party Council, in which a recommendation to the regions was manipulated. At first, it was announced that H.J. Naro was to become a cabinet minister, prompting the meeting to issue a decision with two points. The first was to ask Naro to continue leading the party even if he should become a minister. The second was a prayer asking God's protection on the work of the PPP. The wording disseminated, however, was quite different. The first point became a request that Naro continue to lead the party and accept renomination at the next congress. The second point became a request that DPW's, DPC's, and the DPP work for the reelection of Naro as general chairman and for continuation of the one-person "formatur" system.

"The DPP and MPP officials call on all party apparatus in Jakarta and in the regions, including MPW's [regional deliberative councils] and MPC's [branch deliberative councils], to reject all actions taken by the general chairman and the secretary-general that violate the AD/ART [constitution/by-laws] and contradict principles of legality and to reject manipulative actions that threaten the party's life. Article 9, paragraph 3, of the constitution states that congresses will be organized by the DPP.

Therefore, the actions taken by the general chairman and the secretary-general in the name of the DPP without prior discussion in DPP meetings are absolutely wrong," according to the final part of the statement by the "Aisyah Amini Group."

In reply to press questions, they emphasized that they will attend the Second PPP Congress in accordance with their rights as members of the DPP and MPP under the party constitution.

MENDAGRI Rudini was unwilling to comment on the statements made by the DPP and MPP officials. Rudini was interviewed by reporters after he opened a meeting in Jakarta on "stabilization of coordination in the development of village housing and settlements during REPELITA [5-Year Development Plan] V." "That is their own internal problem," he said. "There will certainly be a DPP meeting prior to the congress, and those concepts will naturally be presented. This is the limit of my involvement."

UMNO-MCA Ties Improved

42130123b Kuala Lumpur WATAN in Malay
27 Jul 89 p 5

[Text] Bangi—Lee Kim Sai, deputy president of MCA [Malaysian Chinese Association], said that following the two by-elections at Ampang Jaya and Bentong, plus other by-elections, ties between MCA and UMNO [United Malays National Organization] have been closer and marked by more mutual understanding.

Lee, who is also chairman of Selangor MCA Liaison, said that the Ampang Jaya parliamentary by-election helped Selangor UMNO to understand the role played by Selangor MCA and that this clearly strengthens unity between MCA and UMNO even further.

He said this as he officially opened a conference of the Hulu Langat Division.

In his remarks, Lee also called on division leaders to intensify further their activities for the sake of expanding MCA strength in the district.

"MCA leaders also serve as spokesmen to the Chinese community regarding conditions and developments in the country.

"Because MCA is a component of the National Front, this advantage is used to the maximum, in contrast to opposition parties like DAP [Democratic Action Party], who are merely the opposition and have no function," he said.

Lee also declared that MCA will continue to maintain the rights of Chinese and will voice any dissatisfaction felt by the Chinese community.

PAS Says Razaleigh Not Supportive

42130123a Kuala Lumpur UTUSAN MALAYSIA in Malay
27 Jul 89 p 1

[Report by Kamal Zailani]

[Text] Kuala Lumpur, 26 Jul—PAS [Pan-Malaysian Islamic Party] President Haji Fadil Noor said cooperation between PAS and the Spirit of 46 is facing problems because "there are people who are always changing their positions and do not have convictions about their platform."

Looking at Tengku Razaleigh Hamzah, who was on the stage with him in a forum this afternoon, Haji Fadil Noor stated that the PAS platform for establishing an Islamic state was not receiving serious support from the Spirit of 46.

Earlier in the program, Tengku Razaleigh was asked whether he supported the PAS platform for the establishment of an Islamic state. He replied, "If we cooperate with PAS, we naturally support its platform."

After pausing a moment, he added, "But we are politicians."

Upon hearing Tengku Razaleigh's reply, the participants in the Conference on the Future of the New Economic Policy [DEB] roared with laughter.

Haji Fadil Noor, too, stood up and, shaking his head, said, "It's hard for PAS to cooperate with a leader who is always changing his position, has no conviction about his platform, and jumps around."

He said that when a group agrees to establish a relationship with PAS it must have conviction about the PAS platform for setting up an Islamic state.

The purpose of the forum was to discuss the future of the DEB. It was sponsored by the Social Science Association in cooperation with the Higher Education Institute of the University of Malaysia.

Other members of the panel were opposition leader Lim Kit Siang, who was formerly president of the Labor Party, Gerakan President Dr M. Rajakumar, and Datuk Sri Dr Lim Kheng Yaik. Datuk Abdullah Badawi, who was invited to represent UMNO [United Malays National Organization], did not attend.

Dr Sri Lim Kheng Yaik, president of Gerakan, also interrupted, saying, "If I don't need to fight for principle, I want to be a politician, too."

After the spontaneous response from Datuk Sri Dr Kheng, the auditorium again reverberated with laughter.

Earlier, in a discussion that lasted almost 3 hours, opposition party leaders had charged that there have been deviations in the implementation of the DEB.

They said the two-fold objective of the DEB will not be achieved even if a new policy is formulated as long as the ruling party continues to adapt DEB implementation to its political interests.

Tengku Razaleigh wants the new policy to be based on fairness.

Lim Kit Siang, who was the final speaker, charged that the figures on Bumiputra [Malays and other indigenous peoples] involvement in equity ownership in the corporate sector are misleading.

He also charged that the DEB has further widened the gulf of polarization among communal groups because the ruling party has practiced partiality in channeling aid for eradicating poverty.

Importance of Industrial Research Institute Stressed

Mahathir's Visit

42130123c Kuala Lumpur UTUSAN MALAYSIA in
Malay 26 Jul 89 p 2

[Text] Shah Alam, 25 Jul—The government will increase its allocation for the Standards and Industrial Research Institute (SIRIM) to enable it to expand its industrial research, Datuk Seri Dr Mahathir Mohamad said today.

The prime minister said that more skilled employees will be hired and that specialized training in research will be given to present employees.

He said that foreign experts may be called on to provide training in certain fields where the achievements of national workers have not been extensive.

He said this in a press conference today following a visit to SIRIM Headquarters here.

During the 3-hour visit, the prime minister was briefed by SIRIM Director Dr Ahmad Tajuddin Ali on the development of the institute and also visited exhibits, an incubator project, and a prototype factory here.

The prime minister said that since his last visit in 1981 SIRIM has had many accomplishments, such as aid to small industry, the manufacture of boards from rice chaff, and achievements in the metals industry.

"Emphasis must be given to research in order to help the industrial development process, for, without research, industry will cause losses to entrepreneurs and will delay the industrialization process," he said.

When asked if the government plans to privatize part of the institute, the prime minister said the private sector, particularly big companies, may perform some of their own research with the help of SIRIM.

Quality

SIRIM will also transfer technology from its research to the private sector in order to improve the quality of products from the companies involved.

According to the prime minister, small industry's financial resources for setting up its own research laboratories are limited, and in this connection SIRIM plays an important role in the development of small industry.

Datuk Seri Dr Mahathir said the purpose of his visit was to get a closer look at research operations, since there are several research centers in the country, such as MARDI [Malaysian Agricultural Research and Development Institute], PORIM [Palm Oil Research Institute of Malaysia], and others.

He also wanted to see that discoveries made as a result of advances in SIRIM research will not be duplicated through haste.

The prime minister also thanked the governments of Japan and Germany for their support of SIRIM research efforts.

The following also participated in the visit: Chief Minister Tan Sri Muhammad Haji Mohd. Taib; Minister of Science, Technology, and Environment Datuk Amar Stephen Yong; Law Hien Ding, his deputy; and Noordin Hassan, chief secretary of the ministry.

Science Minister's Statements

42130123c Kuala Lumpur UTUSAN MALAYSIA in
Malay 26 Jul 89 p 2

[Text] Shah Alam, 25 Jul—The Standards and Industrial Research Institute (SIRIM) needs professional, dedicated, and qualified research scientists, said Minister of Science, Technology, and Environment Datuk Amar Stephen Yong.

SIRIM also needs modern research and test facilities to enable it to perform the research desired by industry, including the implementation of an industrial technology plan.

Speaking today on the occasion of a visit to the institute by Datuk Seri Dr Mahathir Mohamad, the minister said that a group of Asian Development Bank consultants have identified several things that SIRIM needs for its research tasks.

According to the consultants, financial resources are needed. They also said that manpower and equipment do not correspond to the interests of the manufacturing sector, which supports the national economy, and that SIRIM research programs need outside guidance and specific focus.

SIRIM also needs to expand its research, and close coordination is needed between research-and-development work and commercialization efforts.

Datuk Amar Stephen also said that SIRIM needs more qualified employees with postgraduate work and training at national or foreign institutions.

"This personnel requirement should be approved by the Public Services Department, and I hope there will be no 'red tape' obstructing the implementation of the industrial technology plan," he said.

He said further that SIRIM has borne the responsibility for ensuring that Malaysian products comply with standards and for causing more products to be made domestically through its research and development efforts.

"SIRIM's emphasis has now shifted from standards for import substitutes to industrial technology development and technical services for export-oriented industries," he said.

This work, he said, is clearly visible because the manufacturing sector is the main contributor to national economic growth, and its contribution now exceeds that of the agricultural sector.

Article Notes Semiconductor Industry Developments, Prospects

42130125

[Editorial Report] According to the 26 July issue of Kuala Lumpur BERITA HARIAN, Intel Technology Corporation recently announced that an \$8 million investment in test equipment at its manufacturing plant in Penang will enable the company to begin assembling and testing Intel's new 80486 microprocessor by the end of this year. For 2 years the plant has been assembling 80386 and 80386SX microprocessors with a clock speed

of 33MHz. The 80486 will have a capability of 50-60MHz. By the year 2000 the company expects clock speeds to reach 250-300 MHz.

The article also reported Intel Managing Director P.Y. Lai's remarks on the future growth of Malaysia's semiconductor industry at the 25 July International Microelectronics Systems Conference in Kuala Lumpur. Lai said that in view of rising labor and operational costs, the government must continue to provide competitive incentives, attract new investments, develop new markets, and encourage industry and universities to conduct joint research programs in semiconductor technology. He noted that Malaysia's semiconductor industry is progressing toward higher automation levels and that it possesses state-of-the-art electronics assembly and testing technology.

Ayala, Japanese Partners To Set Up Industrial Zone

42000157f *Quezon City MALAYA in English*
25 Jul 89 p 9

[Text] Ayala Development Corp., in cooperation with two major Japanese firms, are planning to establish a 150-hectare industrial estate in Dasmarinas, Cavite. Ayala has tied up with Mitsubishi Corp. and Kawasaki Corp. of Japan in a venture to develop the industrial zone about 45 kilometers from Manila.

Ayala, which pioneered in the developing Makati into the country's financial center, will own the real estate properties that may be acquired for the project. Kawasaki will act as developer and Mitsubishi as the marketing arm.

Although the equity sharing for the property development venture have not been firmed up, industry sources said that Ayala is likely to assume 40 percent interest in the venture, with its Japanese partners splitting up the remaining 60 percent.

The project total cost is expected to run into several hundred million pesos, the sources said. They said the partners are expected to break ground in the industrial estate in December this year and start infrastructure development by January or February. In a related development, the Board of Investments (BOI) will conduct a series of public hearings starting next week to thresh out the guidelines for private sector participation in the establishment of industrial zones in the country, taking into consideration their impact on environment, the minimum size of an industrial zone, government incentives to be granted to these ventures, and the customs procedures to govern firms that will set shop in these industrial zones. BOI sources said the board is eyeing the possibility of including industrial zones in the list of activities which will receive tax incentives under the government's Investment Priorities Plan (IPP).

The BOI earlier said that priority areas for industrial zones are the provinces of Laguna, Cavite, Rizal and Batangas. Once included in the IPP, proponents of industrial zone projects would be allowed tax-free importation of equipment and machineries and other tax incentives.

The sources said potential investors in industrial zones are seeking an assurance from the government of adequate electricity and telecommunication services in the industrial zones.

Japanese Firms Remain Bullish on Manila Investment

42000157e *Manila BUSINESS WORLD in English*
10 Jul 89 p 1

[Text] Despite, apprehensions over the lack of infrastructure systems in the Philippines, Japanese investors

are lining up and clinching joint-venture projects in the country, a report on the recent investment mission to Tokyo indicates.

According to the report, a copy of which was furnished BUSINESS WORLD, the investment mission preceding the pledging session for the Philippine Assistance Program in Tokyo was "a success."

It noted that out of 64 Keidanren firms which attended the investment seminar held in connection with the mission, 49 have either clinched joint-venture projects with Filipino partners or scheduled meetings with possible partners in Manila.

Upon confirmation of last-minute instructions in Tokyo, representatives of Mitsubishi Corp. and Kawasaki Corp. here in Manila, with local partner Ayala Corp., submitted last week their application with the Board of Investments to build a 300- to 400-hectare industrial estate complex in Sta. Rosa, Laguna.

The proponents are waiting for the approval of the 1989 investment priorities plan before groundbreaking. The 1989 IPP classifies industrial estate as a pioneer venture in which more than 40 percent equity share may be owned by foreigners.

Clarion Co., maker of audio equipment, has finalized its application to set up operation in the Cavite Export Processing Zone.

Also in the Cavite zone, Nissei Precious Metals has reserved a 5,000-square meter lot. It will build its plant as soon as it gets assurance from the Export Processing Zone Authority of stable power supply in the zone.

Three Japanese firms want to finalize the setting up of their operations in the Mactan Export Processing Zone.

These are Mobilya Corp., a furniture maker; Intercare Co. Ltd., and electronics firm; and Nippon Ferrofluidics Co. Ltd. Ferrofluids are used in precision electronic/hydraulic mechanisms like floppy disk drives of computers.

Meanwhile, some Japanese firms have also finalized terms with Filipino partners but are still looking for sites of their projects.

Nihon Structure Co. Ltd. has finalized terms with an undisclosed Filipino partner to manufacture levelling machines for construction purposes.

Nihon, which holds some 56 worldwide patents, will team up with a Filipino foundry firm to produce original equipment manufacturer (OEM) parts for a levelling machine.

Fujiken Co. Ltd. is also finalizing agreement with an undisclosed Filipino partner to set up stamping operations for automotive parts.

Ryosa Aircon Co. Ltd., impressed by the skills of three Filipino workers in its plants in Tokyo and of two in

Indonesia, is now thinking of setting up a Philippine operation in the design and installation of airconditioning systems.

Venture Associated Wire and Cable Co. is also out to set up its plant in the Philippines under a joint venture.

The report said the rest of the Japanese firms, whose identities are requested to remain undisclosed, will be coming over to the Philippines within the next few months to look for partners and clinch joint-venture agreements.

Taiwan Investment Potential Hinges on Relations Act

42000160b Manila *BUSINESS WORLD* in English
25 Jul 89 pp 1, 5

[Text] Even as the Taiwanese topped the list of foreign investors in the first semester with \$120 million registered investments, the Pacific Economic and Cultural Center (the unofficial embassy of Taiwan) projects bigger business next year-close to \$2.2 billion in additional investments.

However, much of this is hinged on the passing of the Philippine-Taiwan Beneficial Relations Act, David Chen, PECC cultural director told *BUSINESS WORLD*.

The \$2.2-billion projection is actually a conservative estimate compared to the promise of Dr. You-Theng Wang, chairman of the powerful General Chamber of Commerce, of some \$5 billion (under the same scenario).

Taiwan boasts of some \$76 billion in foreign exchange surplus.

Tip of Iceberg

Ti Lui, PECC economic director, laughed off reports that even in the absence of the Act, businesses will still come in. He indicated that these (the investments that have come into the Philippines so far) are just the tip of the iceberg.

BUSINESS WORLD earlier reported that the absence of the Act has apparently not discouraged small- and medium-scale investors from Taiwan. (BW, July 17, 1989)

Mr. Lui noted that with the Act signed, big firms especially government-owned corporations will also join the bandwagon. Although private corporations in Taiwan make up 85 percent of the economy, the Government still retains control over most of the vital industries like China Power Corp., China Steel Corp. and interests in petroleum, communications, railways and other industries.

Slighted

At the same time, Mr. Chen expressed disappointment over the way Taiwan was treated before the Pledging session for the Philippine Aid Plan in Tokyo. The

Taiwanese felt slighted when Taiwan was invited as an "observer" rather than a country representative.

On inviting Taiwanese as mere "observers," the Philippines lost out on possibly some \$500 million in aid, sources said. Although he declined to confirm this, Mr. Lui said \$1 billion for aid has been allocated in their International Economic Cooperation Development Fund.

Since last year, Taiwan had sent feelers that it is willing to extend loans or financial aid. A *BUSINESS WORLD* source said the Philippine Government required that this aid be coursed through the Central Bank. Taiwan, on the other hand, wanted to give it directly to the people it was intended for, citing the delay and "unreliable disbursement" of some government agencies.

Everything concerning Taiwan investments seems to boil down to the Act.

The sincerity of Taiwan is shown through the jump in investments from a mere \$9 million in 1987 to some \$110 million last year and an all-time high of \$120 million for this first quarter this year.

As Philip Chien, president of the Taiwan Chamber of Commerce of the Philippines said in an earlier interview, "The ball is on the Philippine side."

"As the name implies, it should benefit both countries. Taiwan wants it. Ask the Philippines, if they need it. If not, then the relationship can remain as is." So is the status quo of investments, he hinted.

Mr. Chien mused, "Sometimes, I don't understand the Philippine rules, like banning government officials from traveling to Taiwan. Yet, some still go there. The Philippine Government should make practical rules, or we'll just be kidding ourselves," he added.

President Aquino Donates 6 Million Pesos to Urban Poor

42000157b Manila *THE MANILA TIMES* in English
24 Jul 89 pp 1, 6

[Excerpts] [Passage omitted]

Against a backdrop of squalor and painful poverty, President Aquino listened to this homily during a mass she attended with 700 members of the urban poor of the National Government Center [NGC].

The President also seemingly delivered a quick response to the sermon: She gave a check of P6.233 million through the parish's Kristong Hari foundation for the development of the NGC housing program for some 25,000 squatter families as well as a livelihood support fund.

The President had issued in August two years ago Proclamation 137 allocating some 150 hectares of the 359-hectare NGC for the urban poor residents. However, during a visit to the site yesterday, the President

and some Cabinet members heard complaints of lack of funds for housing program, as well as livelihood projects to upgrade their standard of living. [passage omitted]

The President, in January 1988, also issued memorandum Order 151 creating the National Government Center Housing Committee specifically to develop a housing program for the NGC.

During the mass and the dialogue, some 4,000 residents had staged a rally outside the chapel, calling for a moratorium on demolitions as well as an increase in the land allocated for the squatters of the NGC.

Shouting "*Lupa, lupa,*" [*Land, land*] the rallyists pointed out that only 15,000 families would be benefitted by the 150 hectares and P6 million allocated by President Aquino for the NGC poor.

Industrialist Warns of Foreign Exchange Shortage

42000157g *Quezon City MALAYA in English*
26 Jul 89 p 9

[Text] A leading industrialist yesterday warned of a tightening in the supply of foreign exchange in the next six months due to a surge in importation of non-essential commodities.

Raul Concepcion, chairman and chief executive officer of Concepcion Industries Corp., said the country's importation of these non-essential goods is expected to reach a record level of \$9 billion, surpassing the peak level of \$7.2 billion in 1983.

He said the increased inflow of imported products, particularly non-essential manufacturers like TV sets, will aggravate the country's trade deficit to \$2 billion this year compared with last year's \$1.2-billion deficit.

Concepcion, the twin brother of Secretary Jose Concepcion Jr. of trade and industry, observed that the trade deficit from January to April has reached \$743 million, which is more than double the \$334 million trade imbalance a year ago and the highest ever recorded in the 1980s. He blamed the increased inflow of imports to the country's import liberalization policy. Concepcion urged monetary authorities to impose immediate measures to dampen the demand for foreign exchange used in the importation of non-essential items. One such approach, he said, is for the Central Bank to require importers to deposit the peso equivalent of every letter of credit for six months. This proposal would, in effect, tie down part of the money of importers and reduce their propensity to import items that are locally available. Concepcion, chairman of the Buy Philippine-Made Movement, also cited the need to reorient consumers' seeming preference of imported goods that are readily available in supermarket shelves and even in neighborhood grocery and sari-sari stores, consumers considering the influx of imported goods in department stores, supermarkets, shopping malls and appliance centers.

It is estimated that imported consumer products now account for 15 to 20 per cent of the market.

Concepcion said demand for foreign exchange by importers of finished goods usually peaks during the months of July to October as traders begin to build up their inventory for the Christmas buying season.

He warned that unless the increased demand for dollars is checked, the country international reserves could dwindle further and eventually lead to an erosion in the value of the peso vis-a-vis the dollar.

Concepcion said it would be difficult to maintain the exchange rate from P22 to P22.50 per dollar as forecast by economist and government economic managers.

He said unless "remedial measures" are put into place now, the exchange rate could deteriorate to P23 to a dollar in the next six months. He also said the shortage could eventually derail the pace of economic recovery because industries "will eventually feel the pinch" of the country's dwindling foreign exchange supply.

Congress, Peasant Groups Analyze Land Reform Law Defects

42000157a *Manila THE MANILA TIMES in English*
5 Jul 89 pp 1, 6

[Text] Garchitorena was a failure of men and not of the law, lawmakers insist in reiteration of their faith on the soundness of Republic Act 6657 or the Comprehensive Agrarian Reform Law [CARL].

For the lawmakers, blaming man and keeping the faith on the beleaguered CARL seemed to be the only way to scotch resurgent attacks on the government's Comprehensive Agrarian Reform Program [CARP].

But an emerging string of CARP anomalies similar to Garchitorena has begun to cast doubts on whether Garchitorena, as the solons insist, was purely a lapse on the part of the CARP implementors or mainly a failure of the law.

Weaknesses

Somewhat grudgingly, the Senate-House panel which looked into the Garchitorena overpricing admits that there are indeed "certain weaknesses in the law."

Sen. Heherson Alvarez and Rep. Edcel Lagman (Albay), chairmen of the joint panel, acknowledge the need for "remedial legislations" even as they stress that RA 6657 is "basically sound."

For starters, the panel has recommended 12 remedial measures to plug perceived loopholes in the CARL. The proposed measures, however, center on the provision on Voluntary Offer to Sell which was squarely hit by the Garchitorena controversy.

Measures

The proposed measures include a clearer land valuation formula, more safeguards against circumvention of the law and stiffer penalties against those who would violate the CARL.

But far from having effectively plugged the leaks, the government has again found itself face to face with "questionable deals" involving provisions of the CARL outside of that of the VOS and land transfer.

Slowly, it seems, lawmakers are being made to realize that the law needs an overall reassessment over and above the piecemeal review that Congress and the government are undertaking.

Defective

Meanwhile, peasant groups are having a field day in denouncing anew what they have long branded as "a pro-landlord and defective CARL."

The scandal that was Garchitorena awakened the peasants' resentment which lay dormant during the first year of RA 6657. It was as if Garchitorena and other CARP irregularities finally vindicated the peasants' earlier rejection of CARL.

The Congress for a People's Agrarian Reform [CPAR], a mass-based coalition of 12 organizations which claims a membership of 1.5 million farmers and fisherfolk, has taken the first step in pushing for a "better agrarian reform law."

CPAR has introduced the People's Agrarian Reform Code [PARCODE], dubbed as an improvement over the CARL but more like an alternative land reform law.

Loopholes

In drafting PARCODE, which is now making the rounds to solicit the approval of member groups, CPAR seeks to completely do away with RA 6657 and subsequently the loopholes in the present land reform law.

CPAR secretariat chairman Dinky Soliman says PARCODE is "essentially House Bill 400 with a few changes." HB 400 was the original land reform measure in the House of Representatives which its author, Rep. Bonifacio Gillego (Sorsogon), said was "mangled beyond recognition."

PARCODE, being an alternative program, necessarily amends the entire CARL.

CPAR, citing case studies conducted the past year, has identified weaknesses in almost all aspects of RA 6657. These include the main provisions on land transfer, stock distribution and profit-sharing, land valuation and multinational corporations.

Based on what it calls "questionable deals in big properties" such as the Hacienda Luisita which is owned by the President Aquino's family, Tagum Development

Corp. and Del Monte Philippines Inc., CPAR has concluded that RA 6657 is "vulnerable to evasion tactics of the landowners."

CPAR claims that PARCODE, on the other hand, is meant to address the alleged injustice and the perceived loopholes in RA 6657. But PARCODE, with its "progressive land compensation and strict retention limits," may prove to be just as controversial.

The string of alleged anomalies hounding the government's center-piece program has triggered varied reactions and actions from groups concerned.

At the least, Congress is proposing remedial legislations. At the extreme, peasant groups are demanding a new law.

CPAR and other critics of the law have summarily rejected the beleaguered CARL and the equally beleaguered CARP as "a failure."

Congress, on the other hand, being the drafter of the law, has avoided from putting the blame on its pending further investigations of other scams. Garchitorena, after all, was merely the first stop in the CARL assessment and, as reports indicate, there could and would be more.

Failure of the law or not, however, Congress and CPAR agree on one thing: CARL, in its present form, needs supplementary measures if the government's land reform program is to succeed.

Propaganda War Evolves Over Alleged Church Aid to NDF

42000157c Manila THE MANILA CHRONICLE in English 17 Jul 89 pp 1, 9

[Article by Lito Zulueta]

[Text] Bishop Julio Xavier Labayen of Infanta, Quezon is living dangerously.

Eight years after he left his post as national director of the National Secretariat of Social Action, Justice and Peace (Nassa) of the Catholic Bishops Conference of the Philippines (CBCP), a series of articles mainly from Australian publications have alleged that he tolerated—if not fostered—the diversion of the agency's funds to Communist groups.

The articles have caused a stir in Australia and international circles and revived allegations mainly by vituperous anti-communist groups that the Church is communist-infiltrated. Recently, the U.S.-based 'Family Protection Scoreboard,' a glossy anti-Left magazine issued a special edition on the controversial doctrine liberation theology and reported that as much as 1,200 of the nuns and priests in the Philippines were communists.

Bishop Nestor Carino, CBCP secretary general, dismissed the allegation and said military officials who spread the information had apologized to the Church.

But the attacks have not abated. Archbishop Orlando Quevedo, current Nassa director, said the slew of negative articles against the Philippine Church was "a mixed bag of falsehood, of truth, of speculation and conjecture...unfortunately...presented as solid truth."

"False information is obviously objectively immoral," Quevedo said, "but a half-truth is often even more insidious and deceptive."

More important, the articles have put in danger the lives of Labayen, progressive bishops and Church workers.

Michael Whiteley, director of the Australian Catholic Relief, the development and overseas aid agency of the Australian Catholic Church, condemned the attacks for putting Labayen "in grave physical danger from both the militant Left and the Right in the Philippines."

Anti-communist literature linking the Church to the Insurgency, according to the Australian 'CATHOLIC WEEKLY', could be a "death warrant" in the hands of paramilitary men.

The attacks started with an article entitled 'Millions in Catholic Money Still Funding Left-Wing Causes' in the April issue of the Australian 'AD 2000,' which claims to be a 'journal of religious opinion.'

Written by Philippe Cosyne and Pat Byrne, the article purported to show the diversion of Belgian Lenten funds—money raised during the traditional Holy Week in Belgium—for use by communist fronts here. It alleged that the Flemish Broederlijk Delen and Walloon Entraide et Fraternite, funding agencies affiliated with the Asia Partnership for Human Development (APHD), had funded several sectoral and cause-oriented organizations in the country that were under the auspices of the communist-dominated National Democratic Front.

The article zeroed in on the need to audit APHD, a partnership of the development agencies of the Catholic episcopal conferences of 20 countries, 13 of them in Asia, and the Federation of Asian Bishops' Conferences.

Whiteley, also chairman of the APHD executive committee, debunked the allegations of the article: "The APHD is a very deliberate attempt to share responsibility for allocating funds given through Catholic agencies to assist the development of people in Asia. Only the executive committee can approve the allocation of funds to projects and this is only done after a positive recommendation is received from the country concerned (that is, the official Catholic development agency in that country.)"

In underscoring the need for an audit, Cosyne and Byrne talked of "scandals" associated with Nassa.

The article reported that Jesuit Bishop Francisco Claver, the former head of the Diocese of Malaybalay, was elected by his colleagues in the CBCP to clean up the scandals at Nassa. Claver, according to Cosyne and Byrne, went to Belgium early last year to warn Belgian bishops of the supposed diversion of funds to the armed struggle.

"Nothing has come of his visit," the article complained. It surmised that Labayen—"who had controlled Nassa and its staff when all the pro-communist abuses of funds were at their height—visited Belgium in September and effectively discounted Bishop Claver's warning."

The article went on to describe Labayen as "one of the few Filipino bishops who has actively protected and fostered the extreme Left and its forces in the Church." It added that it was during Labayen's tenure as Nassa director that "the NDF took effective control of the project desks of Nassa" and that the NDF had already infiltrated the Church with some "2,000 priests and nuns who are members of, or closely aligned with the Comintern for National Liberation."

Labayen was also quoted as saying in Belgium that following changes in Nassa, different support groups other than the Church had been organized and international solidarity and funding agencies might be interested in their services.

Cosyne and Byrne paraphrased Labayen's statement: "In other words, do not send Catholic funds through the (Nassa) any longer. We have set up a parallel structure through which your money will reach the same beneficiaries as before."

To Cosyne and Byrne, of course, "beneficiaries" meant the insurgency and its front organizations.

Archbishop Quevedo, the new head of Nassa, quickly issued a rebuttal that was released by the Australian Catholic Bishops Conference.

Quevedo said that the bishops—"from various experiences"—had become aware that some funds for certain projects "did not at all go for the purposes indicated but were somehow contributed to support activities connected to revolutionary groups."

But Quevedo pointed out that a fact-finding committee formed by the CBCP failed to discover "a controvertible proof" of any anomaly and raised only "critical questions" regarding several projects.

Quevedo also defended projects proposed by "groups with highly political orientations" that were approved by Nassa. He explained the projects were to conscientize and organize the poor for self-reliance and social amelioration as well as to promote human rights. "In themselves," he said, "the projects were valid."

On May 8, the Australian bishops accepted Quevedo's explanation, reaffirmed their confidence to the Filipino bishops and promised their support through the Australian Catholic Relief.

But the attacks on Labayen and Nassa as well as Catholic funding agencies did not stop. On May 9, THE AUSTRALIAN, the top circulation newspaper in Sydney published by Rupert Murdoch, gave an account of Quevedo's statement that focused on the supposed admission "for the first time" of the Philippine Church that funds had been channelled into the insurgency movement "for four years to the end of the Marcos regime in 1986."

Curiously, Quevedo's statement never mentioned anything about the time frame of the alleged anomalies. The news account also skirted Quevedo's clarification that the bishops' investigation of Nassa yielded no damning evidence that funds had indeed been misappropriated.

On May 12, B.A. Santamaria, Australian columnist, again hammered on the supposed admission by Quevedo that Catholic aid had been diverted to "inappropriate" bodies (Santamaria twice marked with quotes inappropriate to refer to Communist fronts and purportedly to use Quevedo's own term—but oddly, the archbishop never overrode his tactfulness and did not, in fact, use the word).

Labayen again became the focus of attacks when Santamaria referred to the alleged scandals in Nassa as occurring during the bishop's term.

Santamaria, incidentally, is the publisher of AD 2000. According to an Australian businessman here, Santamaria also has a TV show where he expounds on the evils of communism and the diversion of aid to communist causes, often quoting Dr. John Whitehall, a Baptist fundamentalist and director of the Pacific Christian Anti-Communism Crusade.

Whitehall's group incidentally is the Pacific-Asian arm of the Christian Anti-Communism Crusade (CACC). Some CACC officers are part of the World Anti-Communist League of retired U.S. Gen. John Singlaub. The WACL is an ultra-Right group whose membership includes former Nazis, Japanese war criminals and Latin American death squads.

Whitehall, in fact, is vice president of CACC. He regularly visits the country, keeps in close touch with local conservative Baptists, especially with Pastor Alcover Jr., a former communist cadre who has organized vigilante groups in the Visayas. Alcover is also one of the prime movers of the National Alliance for Democracy, a Right-wing political front whose roster includes vigilantes, on duty and retired soldiers, and Christian fundamentalists.

Byrne, who wrote the controversial AD 2000 report, has written articles with Whitehall in several of the latter's anti-communist newsletters, the Australian businessman said.

The Australian kept up the attack with an editorial on May 17 again calling Quevedo's statement an "admission" that funds had been siphoned off to aid Marxist guerrillas.

The editorial recalled that the paper a year back "revealed that up to 60 percent of financial aid sent to the Philippines by the Australian Council of Churches (ACC) was being channelled directly to the New People's Army." It added that Quevedo's statement virtually confirmed the paper's expose.

The editorial exemplified Quevedo's description of recent controversial literature in Australia alleging misuse by the Philippine Church of foreign aid: "Usually a mixed bag of falsehood, of truth, of speculation and conjecture...presented as solid truth."

For in its effort to brag about the credibility of its investigative piece on the misappropriation of ACC aid, the editorial of THE AUSTRALIAN overlooked the fact that the Roman Catholic Church is not a member of the ACC, which is the umbrella group of mainline Protestant denominations.

As such, Quevedo's statement—that talked about Catholic funds—could not be an imprimatur on the story by 'THE AUSTRALIAN' on Protestant aid being used by insurgents.

Significantly, Whitehall's newsletters also alleged the misappropriation of Protestant aid at the time THE AUSTRALIAN published its "exclusive" on May 1988.

But the attack on Labayen and the Philippine Church turned more virulent with a poison newsletter using the letterhead of Whitehall's group that reached Philippine shores late last month. "LABAYEN IMPLICATED," cried the newsletter's headline.

"A prominent mover of the defunct (Nassa) hailed the dissolution of Nassa by Catholic bishops saying 'it has strayed from its rightful course since it was born in 1969,' the lead paragraph said. The story disclosed that a certain Fr. Geurrero de la Paz had recorded the communist infiltration of Nassa for two decades; he pointed to Labayen as 'the invisible hand steering the Nassa towards supporting the Left.'"

The story went on to implicate controversial Bacolod Bishop Antonio Fortich, Sister Mary Christine Tan, Maryknoll Fr. Tom Marti (a close observer of fundamentalist sects and their work in the Philippines), several other Church leaders and even journalists who were allegedly members of the Christians for National Liberation of the NDF.

"The CATHOLIC WEEKLY of Australia conducted a search here for the mysterious Fr. Guerrero de la Paz but failed to find him. 'Roughly translated the name means 'Soldier of Peace' which may be interpreted that there is no such person and it is a nom-de-plume,' the publication said.

Whitehall later condemned the newsletter as a "fraud." "We regret that someone has tried to exploit the good reputation we have held over our years of involvement in the Philippines."

Despite Whitehall's statement, the damage was done. The Manila correspondent of CATHOLIC WEEKLY noted that the poison newsletter had been widely circulated in the Philippines and accepted as genuine.

The dangerous effects of the newsletter could not be underestimated. The "good reputation" that Whitehall said his group had held over the years in the Philippines was largely established through tomes and tomes of its anti-communist newsletter and other publications exported here regularly.

A recent edition of 'THE PACIFIC NEWSLETTER' boasted that more than 500 kg. of the newsletter are sent to the country monthly, aside from parcels of supplementary literature. About 20,000 copies of the newsletter are sent here monthly, according to an Australian trader, some of them mailed free-of-charge to Right-wing paramilitary groups.

In the hands of a paramilitary man, the CATHOLIC WEEKLY said, Whitehall's newsletters and similar publications could serve as a "death warrant."

Labayen broke his silence on Pentecost Sunday and called Cosyne and Byrne's article "an outrageous attack" on his person.

On the alleged diversion of funds to the communists, Labayen pointed out that the CBCP body that conducted an inquiry in the matter had concluded no anomalies.

The Quezon bishop added that Claver himself was a member of the fact-finding committee and that the Jesuit bishop could not have gone to Belgium last year to warn Catholic leaders of the alleged diversion of funds. "Ignorance of Bishop Claver's participation in the CBCP inquiry must have been the reason why the article continues saying that 'nothing has come out of (Claver's) visit.' What do Cosyne and Byrne expect to come to the visit when there was no misappropriation of funds? It seems that the article is not only unfounded, but malicious," Labayen said.

Labayen also protested the article's interpretation of his statement in Belgium about independent support groups other than those connected with the Church that funding agencies could work with. (Cosyne and Byrne made it appear that the new groups were established as a result of the reorientation of thrusts in Nassa and to perpetuate the alleged diversion of funds).

"I hold that the development program basically belongs to all peoples," Labayen explained. "This is what the Catholic Church holds as well as the United Nations expects in development. But I never said that Catholic funds should not be sent any longer to the Catholic agency."

The bishop protested that the two writers "put words in my mouth which I never uttered." He explained that the "basic flaw" of Cosyne and Byrne—"better, of those who hired them"—was that it did not take into account the report of the CBCP inquiry into Nassa that found no misappropriation of funds.

"I get the impression that both Cosyne and Byrne are paranoids who are so taken up with their prejudiced belief that they jump from premise to conclusion without reasonable logic, and that they weave yarns to support their belief without adequate and dependable foundation.

"If my impression is correct, then both are simply irresponsible writers, victims of their paranoia."

The attacks on Labayen and the Church have not abated. Concerned Australian businessmen and professionals who are working here have aired suspicions of a grand international conspiracy to undermine the Church.

Whitehall, for one, frequently visits the country and boasts that his itinerary is arranged by the defense and military establishments.

Curiously, the allegations that Australian church and overseas aid had been channelled to the insurgency were debunked by Australian foreign officials themselves. The former foreign minister, Bill Hayden, was presented with supposed documentations on the allegations but he said later that such did "not provide of the findings as alleged."

The persistence of the attacks—despite the official discounting—has been interpreted as a campaign to stop aid to the Philippines.

"But this country needs aid," an Australian businessman said. He complained that Whitehall and company had stepped up its attack at a crucial moment in the country's efforts at economic recovery.

Negros Church, Military Meet Over Differences

42000157d Manila PHILIPPINE DAILY INQUIRER
13 Jul 89 pp 1, 8

[Article by Carla Gomez]

[Text] Bacolod City—Top government and military officials in this province yesterday met with Catholic Church leaders in an attempt to settle differences over the way the anti-insurgency campaign is being waged in Negros.

The two-and-a-half-hour dialog at Sacred Heart Seminary was arranged by the Negros Occidental Sangguniang Panlalawigan after its members noted a growing "rift" between clergymen and civilian and military leaders.

In Camp Aguinaldo, meanwhile, Defense Secretary Fidel V. Ramos ordered an investigation of the raid conducted

by Constabulary men on the residence of Bishop Fernando Capalla in Iligan City last Monday night.

Capalla was attending a conference in Tagaytay City when about 40 troopers led by Lt. Col. Jose Suria, Iligan metropolitan district command chief, raided the bishop's house.

The troopers, who had a warrant of arrest issued by Judge Pompeyo Palarca, said they had received reports that the suspected killers of former Iligan City police chief Capt. Nicomedes Enterina and his bodyguard M/Sgt. Rogato Garrido had sought refuge there.

Enterina and Garrido were shot dead by four armed men last June 30 while they were on their way to the provincial capitol in Iligan City.

Fr. Pacifico Gapana, vicar forane of the Iligan diocese, said the raiding team did not find any of the suspects.

The dialog in Bacolod came after members of the Negros clergy issued a statement hitting the military's "Operation Thunderbolt" which led to the evacuation of thousands of people from several towns in northern Negros. The priests and religious also criticized local officials, who said war was necessary if peace were to be achieved and that the evacuation and deaths of civilians were sacrifices that must be made for the sake of victory.

Gov. Daniel Lacson Jr., however, answered by telling the clergy to work for the spiritual uplift of people instead of implementing social and political programs that tended to divide not only the Church but also the people.

The officials and Church leaders who attended the dialog said it resulted in a "fruitful and honest exchange of ideas."

Bishop Emeritus Antonio Y. Fortich said he welcomed the dialog, but denied that there was a rift between the clergy and government officials.

"We all pledged to cooperate with one another," Fortich said.

Lacson said the participants "opened their hearts and we understood each other and agreed to keep on talking more often."

Among the others present at the dialog were Vice Gov. Rafael Coscolluela and Brig. Gen. Raymundo Jarque, 301st Army Brigade commander.

Cojuangco Exploits Industrial Alternative for Agriculture Products

42000157h Quezon City MALAYA in English
26 Jul 89 p 9

[Commentary by Jake Macasaet in the "Business Insights" Column: "Cojuangco's Dreams Are Coming True"]

[Text] The government of President Aquino has proven that a man can be banished but his ideas will continue to

take root. Nowhere is this clearer than in the case of her own cousin, Eduardo M. Cojuangco Jr. who has been denied re-entry into his country on charges that have not been substantiated so far.

Cojuangco, Danding to his legions of friends and supporters, has been pilloried for having been a close associate of former President Marcos and for using influence—a charge he never denied—in setting up what he thought to be a clearer direction for the long-term survival of the coconut industry.

With the use of the controversial coconut levy, Cojuangco and his group set up several projects, including a commercial bank and controlling stocks of San Miguel Corporation, for around four million coconut farmers. One of these projects is the Coconut Chemical Corporation, a bold but later proven to be a successful attempt to wean the coconut industry away from the vagaries of the international commodities market.

Together with four other smaller operations, CocoChem now consumes roughly 15 per cent of the total coconut oil production in the country. The volume is yet small but Cojuangco has proven through CocoChem that the coconut industry can survive better and longer by withdrawing it from the vegetable market and converting the oil into industrial chemicals. When CocoChem, set up at a cost of \$100 million started operations in 1986, it lost around P50 million. In the two years that followed, it earned net profits of roughly P100 million and has been up to date in the payment of its foreign accounts. CocoChem is now exporting coconut fatty alcohol, coconut fatty acid and glycerine industrial chemical raw materials all derived from coconut oil. These industrial raw materials are used all over the world in producing detergents, cosmetics, pharmaceuticals, textiles, lubricants, plastics, rubber, and as emulsifiers.

Cojuangco explained to me as early as May 1986 in his home in Santa Monica in the suburbs of Los Angeles, that the agricultural exports of developing countries like the Philippines must slowly be withdrawn from the international commodities market. He has learned from experience that prices are dictated—even manipulated—by the giant consumers in the highly-developed world. Having been a farmer, banker, industrialist and sportsman all his life, and spending most of his time with the coconut farmers, Cojuangco thought that the only way to bail the coconut industry out of the dictates of the international cartels, is to take coconut oil out of the vegetable oil market. Processing the oil into higher value-added industrial chemicals in which prices in which do not behave in peaks and valleys like agricultural raw materials, Cojuangco set up the CocoChem for the coconut farmers using the levy which his group and other exporters of coconut products created. The result is now for everybody—including officials of his cousin's government—to see.

CocoChem came at a time when the soya bean lobby in the United States had succeeded in practically putting

away Philippine coconut products. The perceived health hazards in products using coconut as raw material are now steadily being recognized all over the world. In Europe, consumers worry about aflatoxin found in coconut oil. American consumers are scared of the fat in coconut oil that they say is bad for the heart.

If there had been no alternative like CocoChem and three other companies including Pilipinas Kao and Colgate Palmolive Philippines, the coconut industry's demise would probably be a matter of time. No wonder even the worst critics of Cojuangco do not like to condemn the coconut chemical project, an idea whose time has definitely come.

Fortich on Anticommunist 'Hit List'

42000160a Quezon City WE FORUM in English
21-23 Jul 89 p 16

[Text] Emeritus Bishop Antonio Y. Fortich of Bacolod heads a "hit list" of 25 people reportedly being distributed by a paramilitary group in Negros Occidental.

The "hit list," the international human rights group Amnesty International said, includes aside from the retired Bacolod bishop and recent Nobel Peace Prize nominee, the names of the Social Action Director and the Mass Media Director of the Diocese of Bacolod, five Columban fathers, three Presentation Sisters, two parish priests of the Kabankalan diocese and three lay church workers.

Also mentioned by name are three radio broadcasters, three labor leaders and three lawyers.

The London-based AI, which obtained copies of the two "hit lists," said the lists name the 25 as "Christian

communists," "traitors," "followers of Mao Tse Tung" and "communist dogs," and incite the people of Negros to "kill them."

The retired bishop, accused by the military of having links with the communist underground, has survived at least two bombing attacks.

The list alleges that an organization of radio broadcasters and several labor unions are front organizations of the Communist Party of the Philippines (CPP) and its armed component, the New People's Army (NPA).

The distribution of such "hit lists," and similar acts such as the issuing of death threats and the targeting of alleged communist sympathizers by broadcasting their names on radio have frequently been followed by the "disappearance," or extrajudicial execution, of the persons named, AI also said.

In recent months, at least five church workers have been summarily killed, apparently by military and paramilitary forces. That is why, AI said, the 25 people named in the lists "may be in grave danger."

On the other hand, AI said, the labelling of legal cause-oriented organizations as CPA or NPA "fronts" has become a trend in the military's efforts to weaken the communist-led guerrilla movement.

In a 1987 military report, then Brig. Gen. Ramon Montano (current chief of the Philippine Constabulary-Integrated National Police) noted that the Army's strategy of using the "citizenry" to eliminate the NPA mass base involved "isolating above-ground front organizations in the labor, student, urban poor, religious and other cause-oriented sectors."

Last November, then Defense Undersecretary Fortunato Abat also announced that the government would increase its surveillance on several "front" organizations. (PNF)

POLITICAL

Law on Election of People's Council Representatives

42090356b Hanoi NHAN DAN in Vietnamese
18 Jul 89 p 3

[Text of law passed by the National Assembly on 30 June 1989]

[Text] In order to manifest the ownership rights of the people, expand socialist democracy, and strengthen the effectiveness of the state organs of power in the localities:

Based on articles 7 and 83 of the constitution of the Socialist Republic of Vietnam:

This law contains stipulations on the election of representatives to the various echelon people's councils.

SECTION I

General Stipulations

Article 1: The election of people's council representatives must be carried on based on the principle of generality, fairness, and directness. They are to be elected by secret ballot.

Article 2: All citizens of the SRV, regardless of their ethnicity, sex, social element, religious beliefs, cultural standard, occupation, or length of residence, who are at least 18 years old have the right to vote. All citizens who are at least 21 years old have the right to stand as a candidate for people's council representative in accord with the stipulations of the law. The only exceptions are the insane and people who have been stripped of this right by the law or the people's court.

Citizens serving in the People's Army have the right to vote and stand as a candidate for people's council representative.

Article 3: People's council representatives must be people who are loyal to the fatherland and socialism. They must be knowledgeable about state management and economic and social matters, and they must understand and set an example in carrying out the laws. They must have the ability to carry out the tasks of a people's council representative and resolutely strive to protect the interests of the country and the lawful rights and interests of the people.

Article 4: Citizens with the conditions and standards stipulated in articles 2 and 3 of this law can be elected to serve as people's council representatives at one or two echelons. People who are serving as National Assembly representatives can be elected to serve as a people's council representative at only one level.

Article 5: Voters have the right to recall a representative if that representative is not worthy of the people's trust.

Article 6: The right to recommend candidates for the position of people's council representative belongs to the social organizations, voting collectives at the primary level, and People's Army units.

The Vietnam Fatherland Front committees in the localities are responsible for organizing consultative conferences in order to introduce the candidates and, together with the administrative organizations, for organizing the election.

Article 7: The people's councils must monitor the election of people's council representatives and ensure that the election is carried out in a democratic way and in accord with the laws.

The Council of Ministers must guide the various-echelon people's committees in holding the election in accord with the law.

Article 8: The expenses incurred in organizing the election of people's council representatives will be paid from the state budget.

SECTION II

Number of People's Council Representatives, Election Units, and Polling Zones

Article 9: The number of people's council representatives at each echelon are as follows:

1. Village, subward, and town people's councils:

Lowland villages and towns with fewer than 3,000 people can elect 25 representatives. Those with more than 3,000 people can elect one additional representative for each increase of 500 people up to a maximum of 35 representatives.

Mountain and island villages and towns with fewer than 1,000 people can elect 25 representatives. Those with more than 1,000 people can elect one additional representative for each increase of 200 people up to a maximum of 35 representatives.

Villages with fewer than 500 people can elect 15 representatives.

Subwards with fewer than 3,000 people can elect 25 representatives. Those with more than 3,000 people can elect one additional representative for each increase of 1,000 people up to a maximum of 35 representatives.

2. District, ward, and city people's committees and people's committees in municipalities subordinate to the province:

Lowland districts and wards with fewer than 70,000 people can elect 35 representatives. Those with more than 70,000 people can elect one additional representative for each increase of 8,000 people up to a maximum of 50 representatives.

Mountain and island districts with a population of fewer than 30,000 people can elect 35 representatives. Those with more than 30,000 people can elect one additional representative for each increase of 3,000 people up to a maximum of 50 representatives.

Cities with fewer than 30,000 people can elect 35 representatives. Those with more than 30,000 people can elect one additional representative for each increase of 5,000 people up to a maximum of 50 representatives.

Municipalities subordinate to a province with a population of fewer than 70,000 people can elect 35 representatives. Those with more than 70,000 people can elect one additional representative for each increase of 10,000 people up to a maximum of 50 representatives.

3. Provincial people's councils and people's councils in municipalities subordinate to the central echelon and equivalent echelons:

Lowland provinces and municipalities subordinate to the central echelon with a population of fewer than 1 million people can elect 60 representatives. Those with more than 1 million people can elect one additional representative for each increase of 20,000 people up to a maximum of 100 representatives.

Mountain provinces with fewer than 500,000 people can elect 60 representatives. Those with more than 500,000 people can elect one additional representative for each increase of 15,000 people up to a maximum of 100 representatives.

Hanoi and Ho Chi Minh City can elect up to 120 representatives.

The Vung Tau-Con Dao Special Zone can elect 50 representatives.

Article 10: People's council representatives are to be elected by voting units. Each voting unit can elect up to three representatives.

Article 11: The number of units voting for representatives to provincial people's councils and people's councils in municipalities subordinate to the central echelon and equivalent echelons, the list of units, and the number of representatives of each unit will be set by the provincial and municipal people's committees. This must then be approved by the Council of Ministers.

The number of units voting for people's council representatives at other echelons, the list of units, and the number of representatives of each unit will be set by the same-echelon people's committee. This must then be approved by the next higher people's committee.

Article 12: The lists of voting units must be publicly disclosed by the people's committees no later than 50 days prior to the election.

Article 13: Each voting unit can be divided into many polling zones, with each polling zone having 500 to 4,000 people.

As for lowland villages and towns with fewer than 4,000 people and remote mountain and island villages and hamlets, even if they have fewer than 500 people, they can still form a polling zone.

The hospitals, sanatoriums, maternity hospitals, and rest homes for invalids with more than 50 voters can organize separate polling zones.

Article 14: The village, subward, and town people's committees will divide the polling zones. This must then be approved by the next higher people's committee.

Article 15: The People's Army units must organize separate polling zones.

SECTION III

Election Councils, Committees, and Teams

Article 16: The organizations in charge of the election of people's council representatives are the election councils, committees, and teams.

Article 17: At least 60 days prior to the election of people's council representatives at some echelon, the people's committee and Fatherland Front committee at that echelon must establish an election council composed of from 5 to 21 people. These are to include representatives from the social organizations and voting collectives in the locality.

The election councils must elect a chairman, vice chairman, and secretary.

The list of provincial and municipal election councils must be reported to the Council of State, the Council of Ministers, and the presiding officers of the Vietnam Fatherland Front Central Committee. The list of election councils at other echelons must be reported to the standing committees of the people's councils at those echelons, the standing committees of the next higher people's council, people's committee, and Fatherland Front committee.

The election councils have the following tasks and powers:

1. Control and supervise the implementation of the law on the election of people's council representatives in the localities.
2. Examine and handle complaints concerning the election activities of the election committees and teams.
3. Receive documents, receive and disclose the list of candidates for the position of people's council representative, and examine and handle complaints concerning these lists.

4. Receive documents and ballots from the same-echelon people's committees and distribute them to the election committees at least 20 days prior to the election.

5. Receive and inspect election memorandums sent by the election committees and prepare records to record the results of the election in the locality.

6. Publicly disclose the results of the election.

7. Send a memorandum summarizing the election results to the standing committees of the same-echelon and higher-echelon people's councils, people's committees, and Fatherland Front committees. If this is an election of representatives to provincial people's councils or people's councils in municipalities subordinate to a province or equivalent echelon, the memorandum must be sent to the standing committees of the same-echelon people's councils, people's committees, and Fatherland Front committees and to the Council of State, Council of Ministers, and Central Committee of the Vietnam Fatherland Front. The data files on the election must be sent to the same-echelon people's committee.

Article 18: At least 40 days prior to the election of representatives at any echelon, the people's committees and Fatherland Front committees at that echelon must form an election committee at each election unit. These election committees must be composed of from 5 to 15 people. They must include representatives from the social organizations and voter collectives in the locality.

The election committees must elect a committee chairman, deputy chairman, and secretary.

The election committees have the following tasks and powers:

1. Control and supervise the election teams to ensure that the election law is implemented correctly.

2. Control making and posting voter lists.

3. Receive documents and ballots from the election councils. Distribute the documents and ballots to the election teams at least 10 days prior to the election.

4. Control and supervise the arrangement of the polling offices and the voting at all of the polling offices.

5. Examine and handle complaints concerning the work of the election teams.

6. Receive, integrate, and inspect the ballot control records sent by the election teams, and, based on that, prepare records to determine the election results at their election units.

7. Send the records on the election results to the election council and the standing committees of the same-echelon people's councils, people's committees, and Fatherland Front committees.

Article 19: At least 30 days prior to the election, the village, subward, and town people's committees and

Vietnam Fatherland Front committees must establish an election team in each polling zone. These teams must be composed of from five to nine people. They must be composed of representatives from the social organizations and voter collectives in the localities. In cases in which an election unit has only one polling zone, the election committee will carry out the tasks of the election team in addition to its own tasks.

The People's Army units must establish one election team in each of their polling zones. The teams must be composed of soldiers in the unit.

The election teams must elect a leader, deputy leader, and secretary.

The election teams have the following tasks and powers:

1. Handle the election activities in the polling zone.

2. Arrange the polling offices and prepare ballot boxes

3. Issue ballots with the stamp of the election team to the voters.

4. Ensure that the regulations of the polling office are adhered to strictly.

5. Verify the ballots and prepare ballot verification records.

6. Examine and handle complaints concerning the election activities in the polling zone.

7. Send ballot verification records and all the ballots to the village, subward, and city people's committees. Send ballot verification records to the election committees and to the village, subward, and town Fatherland Front committees.

Article 20: The election councils, committees, and teams cannot campaign on behalf of candidates.

SECTION IV

Voter Lists

Article 21: When making voter lists, citizens who have the right to vote for people's council representatives must register to vote at their place of residence.

Each voter can put his name on only one voter list.

Article 22: The voter lists must be prepared by the village, subward, and town people's committees in accord with the polling zone.

The voter lists in the People's Army units must be prepared by the unit command section in accord with each polling zone.

Article 23: At least 30 days prior to the election, the agencies responsible for preparing the voter lists must post the lists at the offices of the village, subward, and town people's committees and at other public places in

the polling zone. At the same time, those lists must be disseminated widely so that the people can examine the voter lists.

Article 24: When examining the voter lists, if an error is found, within 20 days after the lists are posted, everyone has the right to lodge a complaint and report this either in writing or orally to the agency that prepared the voter lists. The agency must record these complaints and reports in its files. Within 5 days after receiving a complaint or report, the agency must handle the matter and notify those who made the complaint or submitted the report as to the action taken.

If the person who filed the complaint or report disagrees with how the matter was handled, he has the right to submit the complaint to the district, ward, city, or municipal people's court. Within 5 days from when the complaint is received, the people's court must resolve the matter. The decision of the people's court is final.

Article 25: From the day that the voter lists are publicly disclosed until the day of the election, if a voter changes his place of residence, he has the right to request a certificate from the people's committee in the place where he is living in order to put his name on the voter list and vote in his new place of residence. When issuing certificates, the people's committee must immediately record the following next to the name of that person: "Voted elsewhere."

SECTION V

List of Candidates for People's Council Representative

Article 26: Within 20 days after publicly announcing the election period, the Fatherland Front committee in the locality must organize a consultative conference in order to reach an agreement on the number of candidates for the voting collectives at the production installations, social organizations, and People's Army units.

Based on the number agreed on, the voter collectives at the production installations, the various-echelon social organizations, the voters in the villages, subwards, and towns, and the People's Army units must hold meetings to select candidates.

At these meetings, people have the right to nominate themselves or others. If those nominated receive the support of more than half of those at the meeting, their names can be entered on the list of nominees.

Based on the lists of nominees prepared at the meetings and the number of seats allotted, the local Fatherland Front committee must organize a consultative meeting in order to prepare a list of candidates and their distribution based on the election units.

Candidates for a particular people's council must live or work in that locality.

The number of candidates in each election unit must exceed the number of representatives to be elected at that unit so that the voters have a choice when voting.

Article 27: Candidates can register to run at only election unit and cannot participate in the election organizations stipulated in Section II of this law.

Article 28: At least 40 days before the election, the Fatherland Front committee in the locality must send the list of candidates for each election unit to the election council. The files must include:

1. The candidacy papers of the candidates.
2. The papers of the local people's committee certifying that the candidates meet the conditions stipulated in Article 2 of this law.
3. Short biographies of the candidates.

After receiving the above papers, the election councils must send an acknowledgment paper.

The election council must publicly disclose the list of candidates from each election unit at least 30 days prior to the election.

Article 29: During a 20-day period after the lists of candidates are disclosed, voters have the right to examine the biographies and activities of the candidates. If anyone finds an error or shortcoming, he has the right to file a complaint or report either in writing or orally with the election council. The election council must record the complaints or reports in its file.

Within 5 days from the date that the complaint or report is received, the election council must resolve the matter. The decision of the election council is final.

Article 30: The Fatherland Front committees, various-echelon social organizations, and voting collectives at the production installations and military units must arrange to have the candidates meet the voters. Based on the law, they have the right to campaign for candidates.

Candidates must inform the voters about their action program, and they have the right to campaign on their own behalf within the scope of the law.

SECTION VI

Election Procedures

Item 1

Election Time Periods

Article 31: The Council of State must set the date of the election of various-echelon people's council representatives.

The election must be held on a Sunday. The date must be publicly announced at least 90 days before the election.

In special situations in which the election cannot be held in accord with the term of the people's council, the Council of State must make the decision.

Article 32: During the 10 days before the election, the election teams must regularly notify the voters of the date of the election, the polling places, and the voting times. This must be done using every means of information available to the locality.

Item 2

Voting Procedures

Article 33: The polls will be open from 0700 hours to 1900 hours on election day. Depending on the local situation, the election teams can open the polls earlier and close the polls later. But the polls must close by 2200 hours at the latest.

In places where all of the voters have cast their votes, the election teams can close the polls earlier.

Article 34: Each voter may cast just one vote and must vote in person. He cannot send someone to vote in his place or vote by mail except in the cases mentioned in Article 35 of this law.

Article 35: Voters who cannot fill out the ballot by themselves can have someone fill it out for them. The person who fills out the ballot must keep the voter's ballot secret. The voter must put the ballot in the ballot box himself. If the voter is crippled and cannot do that, he can have someone place the ballot in the box for him.

Voters who are ill, elderly, or crippled and who cannot come to the polling office can ask the election team to bring a secondary ballot box and ballot to where they live so that they can vote. In such situations, the election team can take a secondary ballot box to the voter's residence so that he can vote.

Article 36: When a voter is filling out his ballot, no one may watch him. That includes members of the election team.

If a voter makes a mistake when filling out his ballot, he has the right to ask the election team for another ballot.

Article 37: Everyone must obey the regulations of the polling office. No one can campaign for a candidate at the polling office.

Article 38: When it is time to close the polling office, if there are still a number of voters there who have not had time to vote, they can go ahead and vote. The election team will then announce the conclusion of the voting.

Article 39: On election day, the polling office must remain open throughout the day. If something unexpected happens and interrupts the voting, the election team must immediately seal up the papers and ballot boxes and report this to the election committee. At the same time, it must take steps to continue the voting.

Article 40: If for some reason it becomes necessary to postpone the election, the election teams must promptly report this to the election committee so that the election council can make a decision.

SECTION VII

Election Results

Item 1

Verifying the Ballots

Article 41: The ballots cast must be verified at the polling office immediately after the conclusion of the voting. The election team must ask two voters, who are not candidates, to witness the verification of the ballots.

Candidates and newspaper reporters, film makers, photographers, and reporters from television and radio stations can watch the ballots be verified.

Article 42: The following ballots are invalid:

1. Ballots different from those distributed by the election team.
2. Ballots missing the stamp of the election team.
3. Ballots on which the voter has voted for more candidates than allowed.

Article 43: Abstentions are ballots on which the names of the candidates have all been erased.

Article 44: If a ballot is thought to be an invalid ballot or abstention, the head of the election team must have the entire team decide the matter.

Article 45: Ballots on which voters have written the names of both candidates and non-candidates can still be regarded as valid, but the names of the non-candidates must not be counted.

The election team cannot erase or correct the names written on the ballots.

Article 46: The election team must handle the complaints concerning the verification of the ballots and record what was done to handle the complaints. If an election team cannot solve the problem, the matter must be submitted to the election committee for resolution.

Article 47: After the ballots have been verified, the election team must prepare a memorandum clearly stating:

The total number of voters in the election zone.

The number of ballots issued and the number received.

The number of voters who came to vote.

The number of valid ballots.

The number of invalid ballots.

The number of abstentions.

The number of votes cast for each candidate.

The complaints made and what action was taken to handle the complaints. The complaints not yet resolved.

These memorandums must be prepared in triplicate. They must be signed by the team leader, secretary, and the two voters asked to witness the verification of the ballots. One copy is to be sent to the election committee, one copy is to be sent to the village, subward, or town people's committee, and one copy is to be sent to the same-echelon Fatherland Front committee.

Item 2

Election Results at the Election Units

Article 48: After receiving the memorandums from the election teams, the election committee must check the memorandums and prepare a memorandum confirming the election results at their election units.

This memorandum must clearly state:

The number of people's council representatives allotted for each election unit.

The number of candidates.

The total number of voters in the election unit.

The number of ballots issued and received.

The number of voters who voted, the number of voters who did not vote, and the percentage of eligible voters who voted.

The number of valid ballots.

The number of invalid ballots.

The number of abstentions.

The number of votes cast for each candidate.

The names of the winners.

The complaints handled by the election teams.

The complaints handled by the election committee and the complaints forwarded to the election council for resolution.

This memorandum, which must be prepared in quadruplicate, must be signed by the committee chairman, vice chairman, and secretary. One copy is to be sent to the election council, one copy is to be sent to the standing committee of the people's council, one copy is to be sent to the people's committee, and one copy is to be sent to the Fatherland Front committee at the same echelon as the election committee. In elections of village, subward, and town people's council representatives, only three copies need to be prepared.

Article 49: The winning candidates are the top vote getters who receive more than half the legal votes cast. If many people win the same number of votes, the election council must determine the winner based on the proposals of the same-echelon Fatherland Front committee and the election committees at those election units.

Item 3

By-Elections and New Elections

Article 50: During the first election, if the number of winners is less than two-thirds of the number of representatives stipulated for the election unit, the election committee must record this fact in its memorandum and report this immediately to the election council so that it can set a date for a by-election to elect additional representatives. The by-election must be held within 15 days after the first election. During the by-election, voters can vote only for candidates on the list who failed to win election during the first election. After this election, even if there are still not enough representatives, a second by-election will not be held.

Article 51: At an election unit, if fewer than half the eligible voters turned out to vote, the election committee must record this fact in the memorandum and report this immediately to the election council in order to hold a new election. The new election must be held within 15 days of the first election. During the new election, voters can vote only for the candidates who ran during the first election.

Article 52: In holding a by-election or new election, the list of voters prepared for the first election must be used, and the election must be carried on based on the articles stipulated in this law.

Item 4

Election Summary

Article 53: After receiving the memorandums from the election committees and handling the complaints, if any, the election council must prepare a memorandum summarizing the election.

The election council must announce the results of the election based on the contents of the summary memorandum as stipulated in Article 54 of this law. This must be done within:

Five days after the election in the case of village, subward, and town people's councils.

Seven days after the election in the case of lowland district, ward, and city people's councils and people's councils in municipalities subordinate to the province.

Ten days after the election in the case of people's councils in mountain or island districts or municipalities subordinate to the central echelon or equivalent echelons.

Fifteen days after the election in the case of people's councils in mountain provinces.

Article 54: The summary memorandum must clearly state:

The total number of representatives allotted for the people's councils at those echelons.

The total number of candidates.

The total number of voters.

The number of ballots issued and received.

The number of voters who voted, the number of voters who did not vote, and the percentage of voters who voted as compared with the total number of voters.

The number of valid ballots.

The number of invalid ballots.

The number of abstentions.

The number of ballots cast for each candidate.

A list of the winners.

The important events that took place and the ways that things were handled.

Six copies of the memorandum must be prepared. These must be signed by the election council chairman, vice chairman, and secretary and sent to the standing committee of the people's council, people's committee, and Fatherland Front committee at the same echelon as the people's council and to the standing committee of the people's council, people's committee, and Fatherland Front committee at the next higher echelon. In the case of an election of people's council representatives in provinces and municipalities directly subordinate to the central echelon or an equivalent echelon, copies of the memorandum are to be sent to the standing committee of the people's council, people's committee, and Fatherland Front committee at the same echelon and to the Council of State, Council of Ministers, and Central Committee of the Vietnam Fatherland Front Committee. In the case of elections of people's council representatives at the village, subward, and town level, five copies are to be prepared.

Article 55: The council of State can void the results of an election for people's council representatives at any unit that violates the laws. The Council of State must then set a date for a new election at that unit.

Article 56: During the period from the day of the election until the first session of the new term of the people's council, if there is a shortage of representatives, the election council at the same echelon as the people's council can appoint those who received more than 50 percent of the votes but who still failed to win election to serve as representatives.

SECTION VIII

Holding By-Elections for People's Council Representatives

Article 57: During the term of office, if there is a shortage of people's council representatives, a by-election can be organized in accord with the law.

These by-elections must be carried on in accord with the election procedures stipulated in this law.

The date of the by-election must be announced at least 30 days in advance.

Article 58: At least 20 days before the by-election, the people's committee and Fatherland Front committee at that echelon must establish an election council composed of three-five people. The council will be in charge of the by-election in the locality. Also, at least 15 days before the by-election, an election committee must be established at each election unit. These committees must be composed of three-five representatives from social organizations.

Each by-election council and committee must elect a chairman and secretary.

Article 59: At least 10 days before the by-election, the village, subward, and town people's committees and the Fatherland Front committee must form an election team in each polling zone. The teams must be composed of five-seven representatives from social organizations at the primary level.

The election teams must elect a leader, deputy leader, and secretary.

Article 60: The tasks and powers of the by-election councils, committees, and teams are the same as those stipulated in this law for election councils, committees, and teams.

Article 61: The village, subward, and town people's committees must prepare voter lists and publicly disclose these at least 15 days before the by-election.

Article 62: The Fatherland Front committee in the locality must organize a consultative conference in order to prepare a list of candidates. This must be done at least 10 days before the by-election. The by-election council must publicly disclose the list at least 7 days prior to the by-election.

SECTION IX

Removing People's Council Representatives

Article 63: Depending on the severity of the violation, a people's council representative can be dismissed by the people's council or brought before the voters at the unit where he was elected based on the proposal of the standing committee of the people's council or the Fatherland Front committee at the same echelon.

Article 64: Removing a people's council representative or bringing him before the voters for dismissal must be approved by at least two-thirds of the people's council representatives.

If a people's council removes a representative, it must notify the people.

Article 65: The people's committee at the next higher echelon must set a date for voters to vote on dismissal. If this involves a representative on a people's council in a province or a municipality directly subordinate to the central echelon or equivalent echelon, the Council of Ministers must set the date.

The date for the recall election must be publicly disclosed at least 30 days ahead of time. The procedures for organizing the recall election will be stipulated by the Council of Ministers.

Article 66: To remove a people's council representative, more than half of the voters in the election unit must vote for dismissal.

SECTION X

Prosecution of Election Law Violations

Article 67: Anyone guilty of the following violations will, depending on the seriousness of the violation, be disciplined, have administrative measures taken, or prosecuted on criminal charges:

- a. Using deception, bribery, or other illegal means to prevent people from exercising their right to vote.
- b. Being responsible for organizing and monitoring the voting for election or dismissal but falsifying documents, using fraudulent ballots, or using other stratagems to distort the results of the voting.

SECTION XI

Final Articles

Article 68: This law replaces the Law on Electing People's Council Representatives of 26 December 1983.

Previous stipulations contrary to this law are null and void.

Article 69: The Council of Ministers will issue stipulations for implementing this law.

The fifth session of the eighth term of the National Assembly of the SRV passed this law on 30 June 1989.

Signed: Le Quang Dao, President of the National Assembly

Law on Organization of People's Councils, People's Committees

42090356a Hanoi NHAN DAN in Vietnamese
17 Jul 89 pp 3, 4

[Text of law passed by the National Assembly on 30 June 1989]

[Text] Based on Section IX of the constitution of the Socialist Republic of Vietnam:

This law makes stipulations concerning the organization and activities of the various echelon people's councils and people's committees.

SECTION I

General Stipulations

Article 1: The people's councils are the organs of state power in the localities. Council members are elected by the people in the locality, and they represent the will power, aspirations, and ownership rights of the people in the locality. They are responsible to the local people and higher echelon authorities.

Article 2: The people's councils must enforce the laws of the state and the stipulations of higher echelon authorities based on their tasks and powers and starting from the common interests of the country and the local people. They must implement the policies and measures in order to exploit the potential of the localities and build and develop the localities on the political, economic, cultural, social, and security and national defense fronts. They must constantly strive to improve the material and cultural lives of the local people and help enable the localities to fulfill their obligations to the state.

The number of members on the various echelon people's councils and the form of electing people to the people's councils are determined by law.

Article 3: The standing committees of the people's councils and people's committees are to be elected by the peoples councils.

The standing committees established by the provincial people's councils, people's councils in municipalities directly subordinate to the central echelon and equivalent echelons, district, ward, and city people's councils, and people's councils in municipalities directly subordinate to the province are the organizations that are responsible for organizing the activities of these people's councils under the guidance of higher echelon people's councils, the National Assembly, and the Council of State.

The people's committees are the executive organs of the people's councils. They are the state administrative organizations in the localities. They are responsible to and must report to the equivalent echelon people's councils. They are subject to the leadership of higher echelon people's committees and the unified leadership of the Council of Ministers.

Article 4: The term of office of the various echelon people's councils is 5 years.

The term of office of the standing committees of the people's councils and people's committees is the same as that of the same echelon people's council. When the people's council concludes its term, the standing committees of the people's committees and people's councils will continue to function until the people's councils elect new standing committees.

Article 5: The people's councils are organized and operate based on the principle of democratic centralism.

The people's councils must maintain local control based on the constitution and laws, strengthen the socialist legal system, constantly solidify the close relationship with the people, and prevent and overcome bureaucratic centralism, authoritarianism, irresponsibility, and other negative manifestations among state organizations and state personnel in the localities.

Article 6: The operating results of the people's councils must be guaranteed through the results of the meetings of the people's councils and the operating results of the standing committees of the people's councils, people's committees, the committees of the people's councils, and the representatives of the people's councils.

Article 7: In carrying on activities, the people's councils, standing committees of the people's councils and people's committees, committees of the people's councils, and people's council representatives must cooperate closely with the Vietnamese Fatherland Front, people's mass organizations, and other social organizations and mobilize the public to participate in managing the state and fulfilling their obligations.

SECTION II

The Tasks and Powers of the Various echelon People's Councils

Article 8: The people's councils must carry out the tasks and utilize the powers stipulated in Article 115 of the constitution of the Socialist Republic of Vietnam based on the management decentralization of higher authorities. They must maintain the unified leadership of the central echelon and, at the same time, manifest the independence and creativity of the localities.

Article 9: As for the economy, the people's councils must:

1. Based on the plans of higher echelons, formulate plans, stipulate economic and social plans, draw up budget estimates for the localities, and criticize the implementation of the plans and budget statements of the localities.
2. Stipulate policies and measures to develop the economic elements in the localities based on state laws and guarantee the independence of the primary-level economic units in production and business.

3. Stipulate policies and measures on expanding production, business, distribution and circulation, and services, building the material and technical base of socialism in the localities, and implementing the financial, currency, price, and market management policies.

4. Stipulate policies and measures on population and labor and population distribution in the localities.

5. Stipulate measures to manage the arable land, mountain forests, rivers and lakes, and mines, protect the natural resources, and protect and improve the environment in the localities based on the laws.

6. Implement the policy of economizing in the economic and state management activities of the localities.

Article 10: As for science and technology, the people's councils must:

1. Adopt scientific and technical development plans and utilize the scientific and technical advances.
2. Ensure the implementation of the state's regulations on product measurement and quality standards in the production units subordinate to the economic elements.

Article 11: Concerning cultural, social, and living conditions, the people's councils must:

1. Stipulate policies and measures to improve the people's lives, provide jobs, and improve the working and living conditions of the laborers in the localities.
2. Build the new socialist man; expand educational, cultural, arts and letters, and athletic activities; protect, look after, and educate youths and children; protect the health of the people, including the elderly, mothers, and children; and ensure that family planning is practiced.

Build a civilized way of life, provide moral training, teach people the wonderful traditions of the nation, and oppose unwholesome manifestations in cultural and social life in the localities.

3. Ensure that the social insurance and social maintenance policies are implemented and look after and help the wounded and sick soldiers, families of war dead, and families who scored achievements for the revolution.

Article 12: Concerning public security and national defense, the people's councils must:

1. Stipulate measures to organize all-people national defense and build people's armed forces in the localities, ensure that the military draft system is implemented, carry out the rear service tasks on the spot, and implement the rear area policy with respect to the people's armed forces.
2. Maintain public security and social order and prevent crimes and other violations of the laws.

Article 13: As for policy on ethnic minorities, the people's councils must ensure that this policy is implemented, ensure equality between the ethnic groups, and maintain and strengthen national solidarity.

Article 14: Concerning the socialist legal system, the people's councils must:

1. Ensure that the state organizations, economic and social units, people's armed forces, state employees, and people in the localities obey the constitution and laws.

2. Within the scope of their tasks and powers, [the people's councils must] monitor things to see how closely the organizations, economic units, and other organizations of higher echelons in the localities adhere to the laws.

3. Protect socialist property in the localities.

4. Protect the lives, property, freedom, honor, human dignity, and other legitimate rights and interests of the people and, at the same time, mobilize the people to fulfill their obligations to the state.

5. Ensure that complaints, accusations, and proposals made by local people are handled in accord with the law.

Article 15: As for building the administrative apparatus in the localities, the people's councils must:

1. Elect and remove members of the standing committees of the people's councils, members of the people's committees, members of the committees of the people's councils, and members of the same echelon people's courts in accord with the laws.

2. Dissolve lower echelon people's councils that are directly subordinate whenever these people's councils do something that seriously harms the rights of the people.

The resolution to dissolve a council must be approved by a higher echelon people's council before the resolution can be implemented. The resolution of a provincial or municipal people's council directly subordinate to the central echelon or equivalent echelon to dissolve a directly-subordinate people's council must be approved by the Council of State before it can be implemented.

3. Adopt plans to demarcate the boundaries of the administrative units in the localities and submit these to higher echelons for approval.

Article 16: Based on the laws of the state and the stipulations of higher echelons and on the real situation and the needs and tasks of the localities, the people's councils must:

1. Issue resolutions and monitor the implementation of these resolutions. Resolutions that must, by law, be approved by higher echelons must be submitted to higher echelons for approval before they are implemented.

2. Monitor and guide the activities of the lower echelon people's councils and revise or eliminate inappropriate stipulations of subordinate lower echelon people's councils.

3. Monitor the work of the standing committees of the people's councils and people's committees, revise or eliminate inappropriate stipulations of the standing committees and same echelon people's committees, and monitor the work of the same echelon people's courts.

Article 17: The specific tasks and powers of the people's councils at each echelon will be stipulated by the Council of State.

SECTION III

Sessions of the People's Councils

Article 18: The various echelon people's councils must convene once every 3 months.

In the mountain areas, wherever travel is difficult, the provincial and district people's councils can meet once every 6 months.

Sessions of the provincial, district, and equivalent echelon people's councils are to be convened by the people's council standing committees. Sessions of the village, subward, and town people's committees are to be convened by people's committee at that echelon. This is to be done within the time limits.

The standing committees of the provincial, district, and equivalent echelon people's councils and the village, subward, and town people's committees can convene extraordinary sessions of their people's councils whenever necessary or when at least one-third of the members of their people's council request this.

The first session of the provincial, district, and equivalent echelon people's councils is to be convened by the people's council standing committee of the previous session. The first session of the village, subward, and town people's councils is to be convened by the same echelon people's committee of the previous session. This is to be done within 30 days after the election of people's council representatives.

In mountain areas, wherever travel is difficult, the first session of the provincial people's council must be convened within 45 days after the election of people's council representatives.

The standing committees of the provincial, district, and equivalent echelon people's councils will preside over the sessions of the same echelon people's councils. The people's councils must elect a session secretary based on the list of people recommended by those presiding over the meeting. The village, subward, and town people's councils must elect a chairman to preside over the session. They must then elect a secretary from among

those recommended by the chairman of the people's committee and the heads of the people's council delegations.

Sessions of the people's councils can be held only when at least two-thirds of the people's council representatives are present.

Article 19: The various echelon people's councils must publicly disclose the time and place of the meeting. The planned agenda of the people's council session must be announced by the people's council standing committee. If it is a session of a village, subward, or city people's council, the same echelon people's committee must issue a notice to people's council representatives at least 7 days in advance. To this must be attached all necessary documents. This must be disclosed to the people at least 5 days in advance.

When necessary, the people's councils can hold a meeting in camera in accord with the proposal of those presiding over the session or the same echelon people's committee.

Article 20: During the first meeting of the first session of each term, the people's councils must appoint a committee to investigate the credentials of the people's council representatives based on the list provided by those presiding over the session.

Based on the reports submitted by the investigative committee, the people's councils must confirm the credentials of the people's council representatives or publicly invalidate the election of a representative.

Whenever there is a by-election, the people's committees must form a committee to investigate the credentials of the new representative. The committee must report its findings so that the people's council can confirm the credentials of the elected representative.

Article 21: The following problems must definitely be discussed and solved during the sessions of the people's councils:

1. The schedule and agenda of the people's council session must be stipulated.
2. The credentials of the people's council representatives must be examined and confirmed.
3. Economic and social plans must be stipulated, the budgets of the localities must be formulated, and these plans and budget statements must be approved.
4. Major guidelines and policies on expanding production, distribution and circulation, and services, on cultural and social matters, and on public security and national defense matters must be stipulated.
5. The work reports of the people's council standing committees, people's committees, and same echelon people's courts must be finished, and the reports on

handling the complaints, accusations, and proposals of the people must be completed.

6. Members of the people's council standing committees, people's committees, people's council committees, and same echelon people's courts must be elected or removed in accord with the laws.

7. Decisions must be made in cases in which people's council representatives ask to be relieved of their duties, representatives are dismissed, or a vote is taken on whether to dismiss them.

8. Plans must be adopted to demarcate the boundaries of the administrative units in the localities. These must then be submitted to higher echelons for approval.

9. Inappropriate decisions made by the standing committees of the people's councils, same echelon people's committees, and subordinate lower echelon people's councils must be revised or rescinded.

10. Those subordinate lower echelon people's councils that do something to harm the rights of the people must be dissolved.

Article 22: A resolution of a people's council must be approved by more than half of the representatives of that council.

The representatives can vote by raising their hands or submitting secret ballots based on the proposal of the session chairman.

At the end of the session of the people's councils, the resolutions and minutes of the session must be submitted to the standing committees of the people's councils and the higher echelon people's committee within 7 days. The resolutions and minutes of provincial and municipal people's committees directly subordinate to the central echelon and equivalent echelons must be submitted to the Council of State and the Council of Ministers within 15 days.

The resolutions and minutes of people's council meetings must be signed by the chairman of the people's council. The resolutions and minutes of village, subward, and town people's council meetings must be signed by the person who presided at the session.

Article 23: When the people's councils meet, the standing committees of the provincial and municipal people's councils directly subordinate to the central echelon and equivalent echelons, the district, ward, municipal, and city people's councils, and village, subward, and town people's committees are responsible for inviting representatives from the National Assembly, the Fatherland Front, the Labor Union, the Peasants' Association, the Ho Chi Minh Communist Youth Union, and the Women's Federation to attend the meetings.

The heads of the people's organs of control must attend the sessions of the people's councils and report on the

implementation of the laws in the localities based on the requirements of the same echelon people's councils.

SECTION IV

Standing Committees of Provincial People's Councils, of People's Councils in Municipalities Directly Subordinate to the Central Echelon and Equivalent Echelons, of District and Ward People's Councils, of People's Committees in Municipalities Directly Subordinate to a Province, and of City People's Councils and Committees of the Various Echelon People's Councils

Article 24: The standing committees of provincial people's councils, people's councils in municipalities directly subordinate to the central echelon and equivalent echelons, district and ward people's councils, people's councils in municipalities directly subordinate to a province, and city people's councils include the chairmen, vice chairmen, and secretaries of the people's councils.

During the first session of each term, the provincial, municipal, district, ward, and city people's councils must elect a chairman, vice chairman, and secretary by secret ballot from among the list of council representatives nominated by the standing committee during the previous term and those recommended by the teams of representatives.

The members of the standing committees of the people's councils cannot serve simultaneously as members of same echelon people's committees.

Article 25: The standing committees of the provincial, municipal, district, ward, and city people's councils have the following tasks and powers:

1. Make preparations for, convene, and preside over the people's council sessions, learn the ideas and wishes of the people in order to report these at the sessions, and prepare draft resolutions and other plans for presentation to the people's councils.
2. Manage and coordinate the activities of the committees of the people's councils, maintain contact with the teams of representatives and people's council representatives, and guide the activities of lower echelon people's councils.
3. Supervise and control the same echelon people's committees and other state organizations in the localities in implementing the resolutions of the people's councils.
4. Guide, supervise, control, and examine the handling of the complaints, accusations, and proposals sent by people to the people's councils.
5. Send reports on the organization and activities of the people's councils to higher echelon people's councils. The standing committees of provincial people's councils and people's councils in municipalities directly subordinate to a province or equivalent echelon must send the

reports on the organization and activities of the various echelon people's councils in the localities to the Council of State.

Article 26: The chairmen of the people's councils must direct the work of the standing committees of the people's councils and act on behalf of the people's councils in relationships with state organizations, the Fatherland Front, the member organizations of the front, and citizens.

Article 27: The provincial, municipal, district, ward, and city people's councils must establish committees to help them in accord with the regulations of the Council of State.

The village, subward, and town people's councils must establish council secretariats.

Each committee must have a chairman, vice chairman, and other members. The chairman and other members will be appointed by the people's council from among the council representatives recommended by those presiding during the session and the team of delegates. The people's council will stipulate the number of committee members.

Those serving on people's council committees cannot serve simultaneously as members of the same echelon people's committee.

Article 28: The committees of the people's councils have the following tasks and powers:

1. Participate in preparing for the sessions of the people's councils.
2. Examine the reports and plans given to them by the people's council or standing committee of the people's council.
3. Conduct studies and make proposals to the people's council on matters within the committee's scope of operations.
4. Help the people's council supervise the same echelon people's committee and other state organizations in the locality in carrying out the laws and policies of the state and implementing the resolutions of the people's council and the decisions of higher echelon state organizations.
5. Question the people's committee, members of the people's committee, the heads of the technical agencies subordinate to the people's committee, and the same echelon people's court. The procedures for asking and answering questions are stipulated in Article 34 of this law.
6. Request that the members of the people's committee, the state agencies and personnel, the other people concerned provide data and explain the problems related to the committee's tasks.

Article 29: The secretariats of the village, subward, and town people's councils have the following tasks and powers:

1. Help the chairman of the same echelon people's committee in preparing for and convening sessions of the people's council.
2. Organize council receptions and supervise the handling of the complaints, accusations, and proposals submitted to the council by the people.
3. Maintain relations with the people's council representatives.

SECTION V

People's Council Representatives

Article 30: During each term, the people's council representatives begin their duties from the first session of the term. Their term in office runs to the first session of the next term.

Article 31: People's council representatives must attend the sessions and meetings of the people's council.

Any representative who does not attend the session must have a reason and must report this to the standing committee of his people's council. Village, subward, and town people's council representatives must report to the chairman of the people's committee.

Any representative who does not attend a meeting must have a reason and report this to those presiding over the session.

Article 32: People's council representatives must stay in close contact with voters. They must study and honestly reflect the ideas and wishes of the voters, protect the rights and lawful interests of the voters, and implement measures to stay in contact. At the very least, once a year they must inform the voters about their activities and the activities of the people's council and respond to the requests and proposals of the voters.

After each session of the people's councils, the representatives must report to the voters concerning the results of the session and popularize and explain the resolutions passed by the people's councils. They must mobilize the people, and together with the people, contribute to implementing these resolutions.

The representatives must set an example in obeying the laws and implementing the policies of the state. They must spread propaganda and mobilize the people to carry out the laws and policies and participate in managing the work of the state.

Article 33: People's council representatives must acknowledge the complaints, accusations, and proposals of the people. They must study things and request the heads of the state organizations concerned to look into and handle these matters. They must monitor this and keep the interested parties informed about the results.

The state organizations must inform the representatives about the results in handling the complaints, accusations, and proposals of the people.

Article 34: People's council representatives have the right to question the people's committee, members of the people's committee, the heads of the technical organizations subordinate to the people's committee, and the same echelon people's court.

When representatives question an organization, unit, or individual, the head of that organization or unit or that individual must respond.

The organizations or people questioned must respond before the people's council at the council's session. In cases in which it is necessary to conduct an investigation, the people's council can stipulate that the response is to be given at the next session.

When necessary, the people's council can issue a resolution on responding to questions and the responsibilities of the organizations or people questioned.

Article 35: People's council representatives have the right to request the state organizations, people's armed forces, and social organizations to promptly stop the illegal activities and abolish the illegal policies of those organizations and units or the personnel of those organizations and units.

Whenever people's council representatives go to meet with the people in charge of state organizations, military units, or social organizations, those people must receive them.

People's council representatives have the right to give suggestions to the state organizations on implementing the laws and policies of the state and on matters concerning the public interest. The organizations concerned must study the proposals and respond to them.

Article 36: People's council representatives have the right to attend sessions of lower echelon people's councils in the areas where they were elected. They have the right to give their ideas but cannot vote.

Article 37: The people's council representatives elected from one or many units can form a team of representatives. These teams must organize the activities of the representatives, study the ideas and wishes of the people in the units that elected them, prepare to participate in the sessions of the people's council, and study the laws and policies of the state as notified by the standing committees of the same echelon people's council and people's committee.

Each team of representatives must elect a team leader and deputy leader to lead the team meetings.

Article 38: During the time that the people's council is meeting, without the consent of those presiding over the session, people's council representatives cannot be

arrested. If they are caught red-handed or if a representative is detained temporarily in a critical situation, the organization that ordered him detained must immediately report this to those presiding over the session.

Between sessions, the state organizations have the right to order provincial, municipal, district, ward, and city people's council representatives detained temporarily. They must report this to the chairman of the same echelon people's council. If a village, ward, or town people's council representative is detained, this must be reported to the chairman of the same echelon people's committee.

Article 39: Any people's council representative who commits a crime and who is sentenced to prison will lose his position as a representative.

Article 40: People's council representatives can request to leave their positions because of their inability to perform their duties as representatives.

The same echelon people's council must approve requests by representatives to leave their positions.

Article 41: People's council representatives can be removed by the voters who elected them if they are not worthy of the confidence placed in them by the people.

Depending on the seriousness of their mistake, representatives can be removed by the people's council or brought before the voters at the unit that elected them. There, they can be removed based on the motion of the standing committee of the people's council or the same echelon Fatherland Front committee.

Article 42: In cases in which a people's council lacks its full complement of representatives, a by-election can be held.

The Council of State will make the decision to hold a by-election for provincial people's councils and people's councils in municipalities subordinate to the central echelon and equivalent echelons.

The standing committees of provincial people's councils and people's councils in municipalities subordinate to the central echelon and equivalent echelons will make the decision to hold a by-election for district, village and equivalent echelon people's councils.

Representatives elected in a by-election will carry out their duties from the time of their election until the first session of the next term.

Article 43: In cases in which people's council representatives are assigned tasks and transferred along with other people to another locality, those representatives will serve as members of the same echelon people's council in the place to which they have been transferred. They will perform these tasks until the end of term of the people's council in that place.

If a people's council representative is transferred but does not carry out his duties or reside in the locality, the people's council at that echelon can dismiss him from his position as a representative.

SECTION VI

People's Committees

Item 1

Tasks and Powers of People's Committees

Article 44: The people's committees, together with the standing committees of the people's councils, must make preparations for the sessions of the people's councils. They must coordinate things with the committees of the people's councils to formulate plans and submit them to the people's councils for review and approval.

The people's committees must organize and guide the implementation of the resolutions of the same echelon people's councils and the resolutions, decrees, decisions, directives, and circulars of the higher echelon state organizations.

The people's committees must guide the subordinate branches and echelons in implementing the plans and budgets, carrying on economic, cultural, and social development activities, maintaining public security and social order, solidifying national defense, improving the lives of the local people, maintaining unified control by the state from the central echelon to the primary level, and, together with the Fatherland Front and the mass organizations, organizing and guiding an emulation movement to love one's socialist country.

Article 45: Between people's council sessions, the people's committees must examine and solve the problems having to do with the tasks and powers of the same echelon people's council, except for those issues stipulated in articles 21 and 25 of this law. They must submit these matters to the people's council for approval during the next session.

Article 46: The various echelon people's committees are responsible for receiving people, inspecting and guiding subordinate sectors and echelons, and handling the complaints, accusations, and proposals of people.

Article 47: The various echelon people's committees have the authority to issue decisions and directives in accord with the law and to control the implementation of those decisions and directives. They can suspend the implementation of the decisions and revise or void inappropriate decisions of lower echelon people's committees. They can suspend the implementation of inappropriate resolutions of lower echelon people's councils and propose to the same echelon people's council that it revise or void those resolutions.

Item 2

The Organization, Work System, and Work Relations of the People's Committees

Article 48: A people's committee consists of a chairman, one or several vice chairmen, and other committee members.

The chairman of a people's committee must be a people's council representative. The other members of the people's committee do not have to be people's council representatives.

The provincial people's committees and people's committees in municipalities directly subordinate to the central echelon and equivalent echelons are to have from 11 to 17 members.

District, ward and city people's committees and people's committees in municipalities subordinate to the province are to have from 9 to 13 members.

Village, subward, and town people's committees are to have from seven to nine members.

The number of vice chairmen at each echelon will be stipulated by the Council of Ministers.

Article 49: During the first session of each term of the people's councils, the people's councils must, by secret ballot, elect the chairmen, vice chairmen, and other members of the people's committee at their echelon based on the list of people nominated by those presiding at the session and the teams of representatives. Each people's council representative also has the right to make recommendations.

The results of the election to a people's committee must be approved by a higher echelon people's committee. In the case of a provincial people's committee or people's committee in a municipality subordinate to the central echelon or equivalent echelon, the results of the election must be approved by the Council of Ministers.

If a people's committee does not have its full complement of members, the same echelon people's council can decide to hold a by-election.

Article 50: People's committees are responsible to and must report to the same echelon people's council and to the people's committee at the next higher echelon. The provincial people's committees and people's committees in municipalities directly subordinate to the central echelon and equivalent echelons are responsible to and must report to the same echelon people's council and to the Council of Ministers.

The people's committees are to carry out their tasks using collective measures.

Each member of a people's committee is individually accountable to the same echelon people's council and people's committee for his share of the work and,

together with the other members, is collectively accountable to the same echelon and higher echelon people's councils for the activities of the people's committee.

Article 51: The chairman of the people's committee must lead and manage the work of the people's committee. He must convene and preside over the sessions of the people's committee and ensure that the resolutions of the people's councils, the decisions and directives of the people's committee, and the resolutions, decrees, decisions, directives, and circulars of higher echelon state organizations are implemented.

Article 52: The various echelon people's committees must meet at least once a month. The decisions of the people's committees must be approved by at least half the members of the committee.

Article 53: The heads of the provincial, municipal, district, ward, and equivalent echelon labor unions must be invited to attend the sessions of the same echelon people's committees.

The chairman of the Fatherland Front committee and the people in charge of the mass organizations in the front in the locality must be invited to attend the sessions of the same echelon people's committee whenever important economic, social, security, or national defense matters affecting the locality are to be discussed.

The various echelon people's committees must create favorable conditions for the Vietnam Fatherland Front and the mass organizations in the front to organize and mobilize the people to participate in managing the state and society.

Item 3

Technical Organizations Subordinate to the People's Committees

Article 54: The people's committees can establish or dissolve technical organizations subordinate to the people's committee in accord with the stipulations of the Council of Ministers.

Article 55: The technical organizations must help the same echelon people's committees perform their state management functions in the locality and ensure that the management of the sectors or work spheres is unified from the central echelon to the primary level.

Article 56: The people's committees are responsible for guiding and managing the subordinate technical organizations with respect to organization, staff, and work. At the same time, these technical organizations are also subject to the guidance of higher echelon technical organizations.

The heads of the technical organizations are accountable to and must report to the people's committees and must report on the work to the same echelon people's council

whenever necessary. At the same time, they are accountable to and must report to higher echelon technical organizations.

SECTION VII

Guarantees for the Tasks and Powers of the People's Councils

Article 57: The Council of State must monitor and guide the activities of the various echelon people's councils in order to ensure that the councils fulfill their responsibilities as the representative of the local people.

When necessary, the Council of State can issue a resolution to guide the activities of the people's councils.

Article 58: The Council of Ministers is responsible for ensuring that the various echelon people's councils carry out their tasks and use their powers as the state's organ of power in the locality. It must lead the various echelon people's committees to ensure that they fulfill their responsibility as the executive organ of the people's councils and the administrative agency of the state in the localities.

The operating expenses of the people's councils are to be determined by the people's councils and recorded in the local budget in accord with the stipulations of the Council of State.

Article 59: When carrying out their tasks, the people's council representatives must be provided with the necessary conditions as stipulated by the Council of State.

Within the scope of their tasks and powers, the various echelon people's committees and the state organizations and personnel in the localities are responsible for creating favorable conditions for the activities of the people's council representatives and people's council committees. That includes supplying materials, providing information, and providing places to meet with voters and means of travel.

People who hinder people's council representatives or people's council committees from carrying out their tasks will be prosecuted in accord with the law.

Article 60: The Vietnam Fatherland Front Committee and the mass organizations in the front must help the same echelon people's council representatives carry out their tasks, enable the representatives to meet with voters and learn about their ideas and aspirations, and make proposals on certain problems to the people's councils. Twice a year, the standing committees of the people's councils must notify the same echelon Vietnam Fatherland Front committee about the council's activities.

SECTION VIII

Stipulations on Organization in Changing Echelons or the Boundaries of the Administrative Units and in Special Situations

Article 61: In cases in which several administrative units are combined into one new administrative unit, the people's councils of the old administrative units must be combined to form a people's council for the new administrative unit. They must operate until the end of the term.

The people's council of the new administrative unit must elect a new standing committee, new council committees, and a new people's committee.

Article 62: In cases in which an administrative unit is divided into several new administrative units, the people's council representatives that were elected in the localities of the new administrative units must join together to form the people's council for that administrative unit. They must continue to operate until the end of the term. If additional representatives must be elected, this must be done in accord with Article 42 of this law.

The people's councils of the new administrative units must elect new standing committees, council committees, and people's committees.

Article 63: In cases in which an administrative unit changes echelons, the people's council, people's council standing committee, people's council committees, and people's committees must continue to operate with the position of the new echelon until the end of the term.

Article 64: In cases in which a new administrative unit is formed, the next higher people's committee must appoint a provisional people's committee to carry out the work until the election of a people's council and people's committee. As for administrative units at the provincial level, the Council of Ministers will appoint provisional people's committees.

Article 65: In cases in which a people's council is dissolved or in other special situations, the next higher people's committee will appoint a provisional people's committee to carry out the work until the election of a people's council and people's committee. In the case of provinces, municipalities directly subordinate to the central echelon, and equivalent echelons, the Council of Ministers will appoint provisional people's committees.

SECTION IX

Final Articles

Article 66: This law replaces the Law on the Organization of People's Councils and People's Committees of 30 June 1983.

Previous stipulations contrary to this law are null and void.

Article 67: The Council of State and Council of Ministers will stipulate the details for implementing this law.

The National Assembly of the Socialist Republic of Vietnam passed this law on 30 June 1989 during the fifth session of the eighth term.

Signed: Le Quang Dao, President of the National Assembly

Party Organization Plays Leading Role in Frontier Area

42090337b Hanoi NHAN DAN in Vietnamese
31 Jul 89 p 3

[Article by Dinh Hai]

[Text] Since the end of 1988, many changes have occurred in the Sino-Vietnamese border region. This situation demands renovation in the ideological, organization and cadre work of party organizations in the Hoang Lien Son border rural area.

Ideological and Organization Work Must Maintain Close Contact

The border districts of Hoang Lien Son have the lessons of experience of 27 border villages in streamlining party organization since 1979. Faced with the new mission at the present time, the provincial party committee and district party committees feel greater concern about strengthening border village party organization.

Party organizations here have confirmed the need for good ideological work, especially in information and propaganda on new positions and policies in the party and among the masses so everyone will correctly understand and properly achieve the mission of protecting the sovereign rights of the people. The village party organizations have explained to the people that visits by relatives and exchanges of essential goods for family activities are normal. However, trade in prohibited state goods is illegal. Every citizen is responsible for assisting to stabilize the order and security of the local area. Village party organizations have led local administrations in discussions with the people to establish specific regulations on border crossings, so everyone can remind each other about compliance with the stipulations of the local government. Party organizations have requested that party members firmly maintain party discipline, especially discipline in making statements, setting an example in regulation compliance, and in readiness to struggle against the erroneous actions and propaganda arguments of bad elements disrupting the solidarity between the party and the masses.

To successfully achieve the ideological work, the district party committee regularly sends key cadres down to the basic level to ascertain the situation of every aspect of village activity. Secretaries, chairmen, members of the standing committee of the party committee echelon and of the standing committee of the people's committee,

village unit leaders, and village public security section leaders have coordinated with the border defense posts and other armed forces in maintaining close contact with basic units and peoples' organizations in building upland villages, and contributing toward frontier protection. These cadre ranks were recently strengthened. Besides the cadres and party members in the local area, there are additional cadres from the district and province, and troops returning home after completing their military obligations. During the process of activity, village party organizations have known how to create conditions for cadres and party members to rely on each other to develop a role and join in the work. Many party members in the village party organizations of Bat Xat, Bac Ha, Muong Khuong, and Bao Thang Districts have rapidly progressed to successfully assume the role of party committee secretaries, village people's committee chairmen, and cooperative directors. The number of young party members returning from the army is a precious asset receiving concern from the party organization in elementary training, assistance, and swift growth.

Many have been able to attend cultural, political and professional management, and socioeconomic classes. Generally speaking, the cultural and political levels of the cadre ranks have been raised, their age levels are lower, and the proportion of ethnic minority cadres has increased over the 2 previous years.

Steadfastly building a close-knit, firm, and long-term rank of cadres, Hoang Lien Son has advocated continued expansion of concentrated cultural schools from the basic level general school to district and provincial general schools to train the ethnic minority children; while simultaneously introducing ethnic minority youths to military service, considering that as one element in the total process of training young cadres for the basic level. Upon completion of their military obligations and return home, these youths become a precious asset and great source of cadres for supplementing the village cadre ranks, especially those villages in the upland border region.

Creating Conditions for Rejuvenating the Ranks

Confronted with new and complex leadership requirements, along with the present cadre ranks, party organizations have emphasized party development work. Many party organizations consider this an important method of rejuvenating the ranks of basic level party members. The problem of defining the source of party development in the border regions is extremely laborious. Besides the soldiers who have completed their military obligations, undergone training and returned to the local area, party organizations advocate advanced training for the children of key cadres from the villages, concentrated militia and local public security force, and the children of village elders. Party organizations confirm this as an urgent task in unceasingly rejuvenating the party member ranks. The training of these ranks of close-knit cadres and young party members is aimed at

swiftly changing the face of the upland village. A series of methods for advanced training of member candidates in an understanding of the party and the role of the party member in residential areas are receiving the concern of party organizations. Specific tasks are assigned to each candidate and all are inspected and promptly assisted. During the 2 years of 1987 and 1988, the upland border districts admitted a much greater number of party members than the 2 previous years.

Problems Presented

The efforts of border party organizations in Hoang Lien Son Province in renovation of party construction can be affirmed but a straight look must be taken at the real situation of the party member ranks here. Generally speaking, the ethnic minority party members are reluctant to become village cadres because intervillage movement is difficult, and the monthly subsidy does not equal a kilogram of cardamom. The number of children dropping out of school is rising and if they do attend, some remain 3 years in the same grade without advancement. Nomadic farming and life is expanding and the assignment of land and forest is still in form only, especially in the upland border districts. Meanwhile, many socioeconomic positions and policies do not closely match. Consequently, the separation between the uplands and lowlands becomes increasingly greater. At the present time, party organizations in the border villages find activity difficult. The problem presented is a need for maintaining close and profound contact with upland villages to understand the legitimate aspirations and requirements of the people for uniform and comprehensive measures aimed at overcoming immediate difficulties and at the same time alleviating obstacles in party work in the border villages of Hoang Lien Son as well as other border provinces.

Hanoi Inspection Work Under Renovation

42090337a Hanoi HANOI MOI in Vietnamese
24 Jul 89 p 1

[Text] On 22 July, the Municipal Inspection Committee organized a preliminary summarization of work during the first 6 months of the year and a discussion on the mission for the next 6 months. The report of Tran Quang Giao, Chairman of the Municipal Inspection Committee, stated that during the past 6 months, 126 inspections and more than 2,000 checks were conducted, assisting in promoting renovation of the production and circulation fields. The inspection results recovered more than 156 million dong for the state and collective, proposed the recovery of 62.5 hectares of land for agricultural production, and requested that units repay 859 million dong to the budget.

In conjunction with programmed inspection work, the Municipal Inspection Committee coordinated with various services in a number of inspections in response to

grievances on the economy, and in completing two inspections in the villages of An Khanh and Dong La in Hoai Duc District.

The sector inspected 36 military units and enterprise agencies on land management and use, discovered 45 percent of the land being used in an inconsistent manner, and proposed the recovery of more than 60 hectares of land for return to agricultural production.

In resolution of grievances during the past 6 months, the entire city had more than 3,700 incidents, 79 percent of which were resolved. Worthy of attention was that only 39.2 percent of these grievances were correct in content while up to 25.9 percent were erroneous and 34.9 percent were both correct and incorrect in content. Since September 1987, the city has issued conclusions on 109 cases and urgently resolved 49. In another 33 cases, wards and districts have not yet acted in accordance with the decisions of the Municipal Inspection Committee. Another 19 require additional examination, and eight must be reexamined by the State Inspection Commission and the Council of Ministers.

During the last 6 months of the year, the inspection sector is continuing to renovate working methods and to concentrate inspection on compliance with new positions and policies in small industry and handicraft cooperatives, achievement of enterprise autonomy, settlement of accounts on a number of key projects in capital construction, perfection of agricultural cooperative management, compliance with industrial trade taxes, cash management, etc. There is continued examination, resolution, and conclusion of a number of backlogged grievances, and checking on the execution of decisions and notifications of municipal people's committees on handling citizen grievances.

600 Students Riot in Ho Chi Minh City Park

42090358

[Editorial Report] The 12 July Ho Chi Minh City SAIGON GIAI PHONG reported that a riot by 600 students caused tens of millions of dong in damage at a local park. Four students and two guards were jailed. The paper gave this account from official sources:

On the evening of 6 July, 10 students drinking beer at the Ky Dong park (10th district) took shelter at a park greenhouse when it started to rain. A park guard came by and noticed that some panes in the greenhouse roof were broken; he accused the students and tried to take them to the park office. During the scuffle, the guard injured one of the students.

After another student ran to the Ngo Gia Tu dormitory to report the incident, a large number of dorm residents went to the park to meet with the district's deputy police chief, the head of the park, and a party official from the university. At 11:00 PM, with the dispute still unresolved, the deputy head of the park security force unleashed his guard dog despite regulations that it

should run free only when the park was empty. Two students were bitten. When the news reached the dorm, a student with a loudspeaker called out a crowd of 600 students, who marched on Ky Dong park and went on a destructive rampage. The authorities are continuing to investigate the incident.

MILITARY

Transport Units Prepare for Cambodian Withdrawal

42090331A Hanoi QUAN DOI NHAN DAN in Vietnamese 15 Jul 89 p 1

[Article by Mai Nam Thang]

[Text] In order to prepare for the final withdrawal of Vietnamese volunteer troops from Cambodia between now and September, the military transportation units in the south have cooperated with the military regions and corps. At the front, the volunteer troops have drafted supply and transportation plans to ensure safety, meticulousness, and timeliness. Since the end of June, all units have prepared all types of facilities, POL, canvas, etc., to support the transporting of troops. In addition to 156 good vehicles, Regiment 33 has restored and upgraded 19 which had broken down after many years of service on the Cambodian battlefield; set aside funds to produce and purchase tens of millions of dong worth of replacement and spare parts; and given additional professional training to 20 drivers who were participating in transporting volunteer troops for the first time. Regiment 684 has prepared 1,000 seats on ships and 25 new-type buses to transport wounded and ill soldiers. In addition to preparing all kinds of facilities, food, medicines, etc., the units have urgently completed their military training programs. A number of units, such as regiments 33 and 685, have set out for Cambodia and have begun to implement the transportation plan for the final phase of the withdrawal of Vietnamese volunteer troops to Vietnam between now and September 1989.

Interview of General Staff Officer on Training

42090332 Hanoi QUAN DOI NHAN DAN in Vietnamese 17 Jul 89 p 2

[Interview of Lt Gen Nguyen The Bon, Deputy Chief of the General Staff, by QUAN DOI NHAN DAN reporter Pham Minh Chau]

[Text] [Pham Minh Chau] We have learned that this year the General Staff has adopted the policy of guiding the creation of a number of comprehensively strong test units to gain experience for guiding the entire army. The first training phase is about to conclude. Can you tell us about the training results in the test units and the training situation of the entire army?

[Lt Gen Nguyen The Bon] Just as you've said, this year the General Staff has adopted the policy of creating a

number of comprehensively strong test units to gain common experience in order to guide the entire army. The contents of the guidance include five basic requirements, regarding organization, TO&E, and equipment; ability, knowledge, and skills; the development of a conventional force on the forging of discipline; the lives of the troops; and the creation of a sense of responsibility and determination. On the basis of those requirements, the mission of the first training phase is to concentrate on training each individual, cell, and small unit. In general, the results of training in the test units during the past several months has undergone a positive transformation, and there has truly been improvement with regard to the technical and tactical levels and to forming a conventional force. In the course of training there have appeared good examples on the part of the cadres and men, such as Company 1 and Unit 65 of Regiment S6, and the combat cells of Company 2 and Unit 95 of Regiment S10.

However, having monitored those units, the General Staff and corps organs have agreed upon a number of remaining problems which must be overcome immediately. First of all, it is necessary to mention consciousness of the training requirements and contents on the part of each individual and small unit, the view that combat in modern warfare does not necessitate the organization of meticulous tactical training for individuals, cells, and small units. Therefore, the supplemental training and steeling of small unit cadres with regard to knowledge, ability, and skills so that they can train troops and small units, have not yet received sufficient attention. That is also a deficiency in the elementary and advanced training of cadres in our army's schools.

In fact, at present many cadres from the platoon commander level to the regimental commander level are not skilled in basic actions regarding combat and tactical techniques for individuals and small units. That is an important reason why the quality of training is not yet high. When they discovered that problem, the General Staff organ and the corps immediately took steps to overcome it and organized cadre training in order to unify the training contents and methods for cadres from the company level up to the regimental level. On the basis of the actual experience of the test units, the Combat Training Department quickly organized training classes for the cadres giving technical training and infantry tactical training to the units throughout the army, regarding the above-mentioned matters. Those training classes paid much attention to improving their ability to act, especially their ability to organize training for cadres.

This year the General Staff is guiding the units in organizing effective training and ensuring quality. They are not merely concerned with meeting deadlines throughout the training program. The units with General Staff test units fully understand that thought and have implemented it well.

On an army-wide basis, the units have also made many all-out efforts to overcome difficulties in the task of preparing practice fields and training support facilities, and have made many efforts in organizing training, so the quality of training has improved. Especially, this year the units have emphasized the training of new recruits, so in 1989 the quality of recruit training is better than in 1988.

However, because there are still objective difficulties and subjective deficiencies, recently the quality of training in many units has been unstable and must be rectified promptly.

[Pham Minh Chau] Over the course of several months of training, what lessons have been learned in the units guiding the creation of test units?

[Lt Gen Nguyen The Bon] According to reports from the units, on the basis of direct inspections and monitoring of training by the test units, I believe that it is possible to isolate two lessons for guiding the army as a whole.

First, we must concentrate on good training for cadres from the platoon level to the battalion level. The small unit cadres are the people who directly train the soldiers, cells, squads, and platoons. To achieve high-quality training, the cadres must be skilled with regard to both knowledge and ability, with regard to both theory and practice, and with regard to both contents and methods.

In fact, in recent years the officer schools and political training schools have not paid adequate attention to giving training in the methods of cadres teaching enlisted men and the upper echelon teaching the lower echelon, but have usually restricted themselves to the role of instructors teaching students, so when the cadres graduate they don't know how to train troops and they are not expert in demonstrating how things are done, and cannot yet combine theory with practice.

In some units, the upper echelon's teaching of the lower echelon is also restricted to the role of instructors teaching cadres under their command.

In order to overcome that situation it is essential that in cadre supplementation we correctly implement the uniform system of cadre supplementation decentralization, including the supplementation of cadres prior to training and in the course of training. The commanders are fully responsible for the training abilities and knowledge of the cadres under their command, and for the quality of the unit's training.

With regard to the method of supplementing cadres, it is necessary to pay all-out attention to improving their ability to organize and carry out training. Every cadre training class and supplementation class must serve to steel the cadres so that they can become cadres with solid ability, capability to command, and strong skills in training troops. If that is to be accomplished, cadre training must concentrate primarily on actual practice on the training grounds and in the field.

Second, it is necessary to renovate and strengthen the training inspection work. There are many forms of inspection, which must be applied flexibly, but no matter what the form of inspection it is necessary to fulfill the requirement of correctly evaluating the situation and being of good service to the guidance task. It is necessary not only to uncover problems but also to determine the guidelines and measures for promptly overcoming them. Inspections must attain the ultimate goal of improving the quality of training. Recently the Quyet Thang and Huong Giang regiments have done a good job of inspecting training. The cadres and small units that were inspected quickly overcame their deficiencies in knowledge, ability, and training preparation, so after every inspection the quality of training has improved. The inspection method of the two regiments is to send cadres and small units to the training fields and, on the basis of results of inspections there, evaluate them with regard to both knowledge and ability and with regard to both the contents and methods of training.

[Pham Minh Chau] At present, what is the motive force in furthering the training task? Why is there no system of material regards for cadres, enlisted men, and units with good accomplishments in training?

[Lt Gen Nguyen The Bon] The primary motivation in furthering training and combat readiness is always the political enlightenment of the cadres and men toward the mission of defending the homeland. Therefore, the training of troops must be closely tied in with educating them and enabling them to clearly realize their responsibility and voluntarily strive to improve the quality of their training and that of their unit. However, in the actual situation at present there must also exist the form of material regards, but those rewards are essentially only souvenirs and encourage self-pride. Training and combat are the army's missions, so I think that we should not compare them to activities in the other spheres, and should not allow encouragement based on material benefit.

As regards the test units, we have launched an emulation movement to attain the designation "skilled training company," "skilled training cadre," and "skilled soldier." The evaluation will be carried out during the final examination, in accordance with strict and fair rules.

The units throughout the army should also study the rewards and punishments regarding the training work so that they can be strict and fair, in order to encourage individuals and groups achieving good results in training and restrict the individuals and units lacking a sense of responsibility toward training. On that basis, the functional organs will combine their supplemental studies in order to unify the system of rewards and punishments throughout the army.

Artillery Regiment Attains Good Training Results*42090331B Hanoi QUAN DOI NHAN DAN in Vietnamese 18 Jul 89 p 2*

[Article by Do Thieu]

[Text] When it began this year's first training phase, the Gio Cam artillery regiment (of division H) had a basic advantage. The unit had just outstandingly completed its combat mission on the northern border and had returned to fulfill a troop training mission. Furthermore, for the first time the artillery combat army directly provided the unit ample amounts of materiel for use in training, and met more than 80 percent of its needs. This year the unit is 35 years old. It has matured and accumulated many accomplishments in combat and construction. The unit has been awarded the designation Hero of the People's Armed Forces. But the unit encountered considerable difficulties when it changed over from its combat mission to training. It had to make nearly all of its instruction and study aids and construct or repair a considerable amount of housing and practice fields. At the same time, in addition to training the specialized branches of the combat arm and the regiment were assigned the additional mission of training new recruits, at a time when there were fewer than half enough squad cadres and enlisted men with specialized technical knowledge and there was not much experience in managing and training new recruits.

We arrived at the Gio Cam Regiment just as the unit had completed the first training phase and had been comprehensively evaluated by the upper echelon in all regards. The unit thereby had learned about some of its strengths and weaknesses.

On the basis of the actual situation of the regiment, the leadership and command cadres determined that it was necessary to do a good job of preparing for training. The unit organized the receiving of recruits and effectively used training materiel. The regiment not only repaired or built many barracks but also set aside much time and effort to repair training fields and make all kinds of instructional and study aids for specialized training and the training of new recruits. But even more important was the concern of the regiment's command echelon, which gave timely advanced and elementary training so that there could be sufficient numbers of high-quality management cadres and training instructors. The regiment sent cadres to study in classes organized by the upper echelon, organized its own classes in the units, and sent cadres to study in the other units, so within a brief period of time it had sufficient numbers of cadres and training instructors. But the unit still did not forget to continually organize the isolating of experiences and supplementation to improve the ability of the cadres

directly involved in training, especially gun crew and platoon cadres. Another task of no less importance is that the regiment renovated its specialized training methods. In past years the specialized communications, reconnaissance, and accounting branches were trained by the units themselves, but this year, because of the actual situation, the regiment realized that it needed to concentrate each specialized branch for training. There were several advantages in doing so: it could concentrate facilities and skilled instructors to ensure more effective instruction and study, and when necessary it could easily and rapidly change over to fulfilling a combat mission. As regards the artillery gunners, the experienced troops supervised the new recruits in each combat-ready gun crew. In training, the regiment continually related to the actual circumstances of its combat on the northern border so that the lessons could be appropriate and of high quality. An examination at the end of the first training phase showed that 100 percent of the observation post and battlefield cadres met requirements and 76.6 percent were "good" or "skilled." All of the recruits met the requirements in firing live ammunition and 84 percent were "good" or "skilled." Twenty-four attained 30 points in firing. According to an inspection of specialized communications, reconnaissance, accounting, and artillery gunnery branches, everyone met requirements and more than 50 percent were "good" or "skilled." During the examination, the regiment awarded top prizes to artillery officers of unit H. Captain Nguyen Thanh Pho won first prize and First Lieutenant Vu Gia Nguyen won second prize.

After the first training phase the Gio Cam Regiment also realized a number of weaknesses: the management and training abilities of the platoon cadres are still weak and they often rely on the company cadres or gun crew chiefs, while the gun crew cadres have received only short-term training and are not yet uniform with regard to troop management and specialized abilities. During the first phase, the units concentrated on technical training for individuals and small units, but in the second training phase it will give tactical training at the company level and coordination by small units, which require even greater command ability by cadres at all levels. The regiment must also overcome inexperience on the part of some of those cadres. It must be added that after the first training phase and the conclusion of the training period for new recruits, the fact that some (5 percent) of them on their own accord went home for a few days was also a source of worry for the regiment, which thought about and supplemented the training program and contents in order to do a good job of combining technical training with the forging of discipline, for it is necessary that recruits must be trained with regard to specialized ability and forged with regard to consciousness of organization and discipline. Missions cannot be fulfilled well if there is only good military training but poor consciousness of discipline.

ECONOMIC

Conference Held on Political Bureau Economic Decision

42090342a Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 9 Jul 89 pp 1, 2

[Article by reporter: "Concluding Announcement of Political Bureau on Some of the City's Urgent Economic Problems and Solutions"]

[Text] On the morning of 8 July, the Standing Committee of the Municipal Party Committee and Standing Committee of the Municipal People's Committee held a conference of key cadres from precincts, districts, departments, sectors, and directors of enterprises, enterprise federations, and corporations to announce the concluding announcement of the Political Bureau on a number of urgent economic problems. Evaluating the socioeconomic situation for the first 6 months of the year, the Political Bureau stated: "Extremely important progress has been made, proving the accuracy of the course set by the Sixth Plenum of the Party Central Committee, but it is only a first and faltering step. At the same time, many new severe socioeconomic difficulties have appeared: stagnated production and business, a large deficit, stockpiled goods, and shortages of capital, and even capital losses in many production and business facilities, hundreds of thousands of workers out of work with difficult living conditions, and falling grain prices causing farmers to suffer losses and to lose their production enthusiasm."

On the basis of an analysis of the municipal situation and applying the positions of the Political Bureau, the city has set forth a number of primary methods aimed at resolving the burning economic problems at the present time such as: providing capital for production and business, protecting domestic production development and the budget, disposal of stockpiled goods, etc.

The shortage of capital of production facilities at the present time is widespread. To resolve this problem, the city on one hand has made suggestions to the central government, and on the other hand has resolved those things within its own responsibility such as: not withdrawing lines of credit, suggesting that the Central Bank repay 10 billion dong previously withdrawn, examining effectively operating facilities for issuance of additional capital, and totally resolving debts between the central government and the city. The bank during this month is implementing a method of loans according to the production cycle, and not granting short-term loans (1 or 2 months as done previously). The establishment of shareholder corporations and enterprises is being promoted. State-operated corporations and enterprises are authorized to mobilize share capital, to issue stock certificates and to exploit external loan capital.

The protection and development of domestic production is a problem of strategic nature requiring a uniform

policy. One of the causes of stagnated domestic production is the indiscriminate spread of imported foreign goods. With their two superiorities of good quality and low prices (because smuggled goods are subject to no taxes or only a symbolic amount), foreign goods have overwhelmed those produced in country. To protect domestic goods, it is necessary to strengthen the duty barrier in all three directions of: controlling goods entering from the borders and the sea, controlling the entrances to the city, and regulating goods displayed for sale through taxation. Surtaxes must be imposed on foreign goods displayed in the municipal market on the principle of making the prices of foreign goods higher than domestic goods of the same type, and imposing truly high taxes on luxury goods. Economic infractions and black marketeering must be prosecuted without yielding.

Stimulate production by not increasing the prices of raw materials and supplies, exempting specific lots of raw materials, supplies and equipment from import duties, and temporarily not calculating or reducing the depreciation of fixed assets of state-operated enterprises with legitimate difficulties. For the state-operated economic component, recalculate operational receipts and shift to collection of business taxes based on business income and capital with the same tax level as other economic components. Change methods of operation and study the production of goods compatible with the consumer requirements and preferences of each region. Invest in raising product quality and lowering production costs in order to compete with foreign goods.

A basic method for resolving the budget problem is to alleviate obstructions, allowing production and business to develop and from that, acquiring a source of income. However, the city still has the greatest shortfall in the area of individual, private and large-household operation where we still have loopholes in management with many missed receipts. We should not overcollect but must overcome the shortfall situation. Regarding central government units located in the city, during July, payment deductions are being made for the local budget.

Actively handle stockpiled goods by finding markets and using various mobile means to solicit customers and deliver goods to locations with requirements. Recently, the 5th Precinct sold 2 billion dong worth of commodities on the northern border, an experience that warrants study.

Also at this cadre conference, the city announced the opinion of the Standing Committee of the Council of Ministers on resolving a number of the city's suggestions such as: agreeing to allow the State Bank to increase the amount of loan capital to the city; assigning the Ministry of Communications and Transportation to immediately conduct measures to repair the Saigon bridge; providing 6 billion dong in mutual aid of the total 16 billion needed to rebuild the city's electrical power network; and

allowing the city to export a number of agricultural products and import a number of touring cars for the 1990 tourism year.

Regarding the suggestions of the city on land and housing, the Standing Committee of the Council of Ministers also had opinions on resolution. The army must return land and projects not used for a military objective or being used in an ineffective or wasteful manner to the Municipal People's Committee for management and use. The Municipal People's Committee and Ministry of Building must prosecute in accordance with the law those units and individuals (including those in the army) who have recently violated construction regulations.

The position on housing sales and prices, first of all category 3 and 4 housing, is rational but must be more carefully prepared and implemented in accordance with general policy. The Ministry of Building must join the city in studying achievement measures.

Municipal Industrial Production in Crisis

42090342b Ho Chi Minh City SAIGON GIAI PHONG
in Vietnamese 9 Jul 89 p 1

[Article by Le Tien Tuyen]

[Text] Besides the "modest" figures, during the first 6 months of the year, attaining only 24.2 percent of tax collection norms for the entire year, in the report of the Municipal Industrial Trade Taxation Branch, we have also noted a number of sad figures. Since the beginning of this year, within the inner city alone, up to 5,000 basic small industry and handicraft units have requested to temporarily halt production or have turned in their licenses and completely stopped work!

The municipal small industry and handicraft sector has a large output value and is extremely sensitive to the market. Because a large part of its activity is by independently acquired capital and the scale of production is relatively small, shifting goods is easy without acquiring large product backlogs like the state-operated corporations and enterprises. Therefore, what has caused small industry and handicraft production to stagnate and deteriorate?

We "investigated" our sources of information in a number of precincts and saw they were the truth. The 3rd Precinct Industrial Bureau stated that previously, 1,910 basic production units had emerged in accordance with the spirit of Decision 34 but that now, only 371 were registered: only 69 remained of 106 cooperative teams; 18 of 43 cooperatives have dissolved; and out of 24 new business corporations and enterprises, only 5 units are truly active! In the 11th Precinct during the second quarter alone, 499 large and medium producers and 452 production teams and cooperatives ceased operations. The 6th Precinct had 224 basic small industry and handicraft units cease operations and 46 production

facilities return their licenses to completely stop work. Binh Thanh also had 357 facilities halt operation.

The greatest reason is still product disposal. The Dong Tien bicycle chain production facility is equipped with a relatively complete production line, has a quality product, and was recently awarded a silver medal at the Giang Vo Economic and Technical Exhibition, but presently has a backlog of 6,000 products and can only work at a moderate level. The 11th Precinct weaving sector has completely halted operation. The Tan Binh Ward weaving sector—a leading sector with the largest output in the ward—is presently virtually without processing contracts. Facilities are making those goods they can self-produce and self-distribute. A total of 29 weaving cooperatives are deserted, and four large glass cooperatives in the 11th Precinct have 120 million dong worth of stockpiled goods. Goods are piling up both inside and outside the warehouses. Many production units are fulfilling their contracts but parties ordering the goods will not accept them; and the unit chiefs know only how to appeal to heaven. A weaving cooperative director in Tan Binh received us in astonishment and fear in a weaving shop. He said, "Never has the producer been so belittled as at the present time. When the goods are finished, the producer must run around to make consignments and request sales with payment later. Goods stagnate, capital stagnates and workers are unemployed!"

Recent methods of handling tax rates, credit, and capital have caused no small difficulties for the small industry and handicraft production area. According to Nguyen The Vinh, Chief of the 11th Precinct Industrial Department, recent readjustments of the tax policy such as reducing business tax rates, restricting those subject to commodity taxes, etc. created enthusiasm. Actually however, the producer is subject to much greater taxes. For example, the business tax rate was reduced but present collections are actually higher. Business taxes are calculated on sales prices but "inflow" has increased (such as the upward readjustment of raw material, electricity, space, etc. costs), so a higher tax than before must actually be paid. In the 11th Precinct, the industrial department and tax sector recently examined and found that with the same output (no increase over the same period last year) and the same results (if not lower), the tax collected was higher! This is not counting mandatory tax norms from the central government and city regardless of the actual situation, causing difficulties for producers and businessmen.

Here and there, we also recorded suggestions worthy of attention. Many people think that the policy of encouraging and expanding economic components is entirely correct. However, during the past, it seems the state has slightly "deviated": with too much attention to the private and individual operation component. Privately and individually operated enterprises have received preferential conditions to operate easier than collective production facilities. There is still no new policy for

collective production. Even the family secondary producers previously emerging in accordance with Decision 34 and enjoying a system of reduced or deferred taxes must now pay taxes.

Small industry and handicraft production is presently confronted with the danger of disintegration. In fact, during the first 6 months of this year, the municipal industrial and small industry and handicraft sector only completed a little more than one-third of the planned norms for the entire year. This is something worthy of concern. "Helping up" a diverse sector with great traditions and contributions to society requires uniform and urgent measures. First of all, it is necessary to protect domestically produced goods. The "casual opening of the door" for infiltration of contraband goods during the recent past has contributed to the "murder" of locally produced goods.

Recently, the city had a policy of increasing the business tax rate by 100 percent (actually 8 percent of business volume) on luxury foreign consumer goods such as canned beer, cigarettes, art objects, electric rice cookers, hot plates, etc. Nevertheless, according to the producer viewpoint, this policy has not yet effectively restricted the buying and selling of foreign imports!

Generally speaking, the economy during the first 6 months of the year had some noteworthy signs: the level of inflation declined and prices are tending to stabilize. However, a problem requiring the proper level of attention and a policy of alleviation is the need to help up industrial and small industry and handicraft production. Capital must be provided for production, naturally without state subsidization, to allow basic units to operate effectively.

Million of laborers in the municipal industrial and small industry and handicraft sector demand proper and uniform measures to restore production.

Tax Collection Work in Alarming Condition

42090340a Hanoi NHAN DAN in Vietnamese
26 Jul 89 p 2

[Article by Dinh Vu]

[Text] According to results of an investigation by the industrial trade tax sector, failure to collect taxes is fairly widespread. Below are a number of specific cases.

Vinh Nghiem Subward in Quang Ngai City failed to collect taxes from more than a thousand households but instead collected a monthly fee of 20,000 to 50,000 dong per household for the subward budget. Hai Cang Subward in Quy Nhon City collected an additional monthly fee of 50,000 dong per household from some households that had already paid state taxes. A number of other subwards collected monthly fees from each business household of from 1 to 2 taels of gold.

Tay Ninh Province discovered subwards and villages permitting more than 600 households to pay fees to the local area instead of taxes to the state. Hiep Ninh Subward alone allowed 241 households (43 percent of the total industrial trade population) not to pay state taxes and 35 others slipped through the net.

Similarly, the number of households subject to collection of "hamlet regulation" "rent" is 2,000 in the subwards and villages of Hau Giang Province; and more than 1,000 in Minh Hai Province.

In Nha Trang City, after a recent phase of inspection, the tax sector discovered and placed an additional 1,125 households under tax collection management. Ho Chi Minh City during the first 3 months of this year placed nearly 10,000 additional households on the tax registers.

Generally speaking, in a great many locations, subward and village administrations have arbitrarily permitted some households to pay fees for private budgets without following current state regulations on decentralizing management and regulation of budget collection sources. Initially subjecting small households to collection of a few thousand dong a month, they later gradually advanced to collection of up to a full thousand dong per month from large households.

The situation has reached an alarming level.

In tax collection work, omissions from the tax registers are first of all the responsibility of the tax sectors, no matter what the reason. There is no justifiable reason for tax cadres not fully ascertaining the number of business households within their area of responsibility. If obstacles occur in relations with basic level administrations, it is necessary to explain the policy, to struggle, and to report to upper echelons for proper maintenance of state tax policy, and for assurance of equality in the payments made by business households. On the other hand, the correct and complete collection of taxes is an important mission of the subward and village administration. After collection is made, there is a policy for regulating disposition of the taxes. Establishment of private funds contrary to regulations should not be done because it is an arbitrary method leading to adverse consequences that are difficult to estimate beforehand.

Causes of Tax Collection Shortfall

42090340b Hanoi NHAN DAN in Vietnamese
26 Jul 89 p 2

[Article by Le Nhu Bach]

[Text] The great shortfall in industrial trade taxes is a concern to many people. Many causes have been mentioned for this shortfall but one major cause about which little is said is the weakness of the trade tax organization and cadre system.

First of all is the organization system. After the resolution of the 6th Congress affirmed an economic structure

of many components as a long-term policy, many changes occurred in privately operated production and business with rising dynamism. The number of individuals subject to industrial trade taxes increased greatly but because the organization apparatus of industrial trade tax collection was constantly in turmoil with no tax collection office in some locations and scattered and fragmented operation in others, a weakening occurred and the number of responsible basic level cadres was unstable. Recently, the state decided to stabilize and streamline the tax collection apparatus organization but guidance and implementation have been slow and by June 1989, the finance sector had only coordinated with local government echelons in directing primary level achievement. However, not a few difficulties have been encountered due to the impossibility of instantly finding or training a tax cadre with ethical qualities and professional standards equal to the mission.

The second concerns professional standards: the entire industrial trade tax sector has nearly 22,000 cadres and almost 70 percent have never undergone systematic training. A number of tax cadres are discharged and reassigned troops: militarily capable and skilled but, without systematic elementary and advanced training, encountering extreme difficulty in undertaking the mission. Many experienced tax cadres have retired and if the young cadres replacing them do not receive systematic training, suitable work methods are extremely difficult.

Even the old cadres who have spent years in the trade, without retraining in new viewpoints, thoughts, and work methods, will also find it difficult to promptly change the socioeconomic situation, and to grasp the viewpoints of our party and state on the newly revised laws on industrial trade taxes. The application of tax policy in a different style for each location, not only between one province and another but even between different districts, towns, cities, and tax stations in the same province, is a major reason for the standards of the tax cadres. The work methods of many tax cadres also reveal no little confusion. For example, according to the new tax policy announced at the beginning of March, the stipulated tax rate was reduced by 20 to 30 percent (except for the food and beverage sector) but with the requirement that business income be closely and realistically recalculated (because business incomes for tax purposes have been previously calculated at only 20 to 30 percent of reality). Therefore, although the tax rate was reduced, if business incomes are calculated more closely and realistically, the amount of tax paid by many individuals increased over previous levels. However, many tax cadres did not grasp this fact in order to work correctly and to propagandize and explain it to the people.

Bureaucratic and administrative behavior has also not yet been overcome. Many tax cadres still operate simply by issuing notices, collecting taxes and writing receipts (in locations where collection is made through the bank, the tax cadres remind and urge tax payment). In many cases, little effort is made to maintain close contact with

and firmly grasp the production and business situation in order to correctly calculate business income, to discover those individuals slipping through the net, or to discover the "phantom cooperation teams" and individuals hiding under the guise of a cooperative, joint venture or association, or under the shadow of the state to evade taxes.

The third concerns revolutionary quality and ethics; generally speaking, many tax cadres maintain their qualities and ethics, strive to complete their mission, and have made exemplary achievements. However, a negative situation among a number of tax cadres to this time has not been thoroughly overcome, although many local areas have inspected and severely disciplined tax cadres committing serious infractions such as accepting bribes, corruption and private use of tax funds. Not a few cases still exist in which tax cadres connive with private operators in declaring lower business incomes for the calculation of lower taxes, and some cadres have even degenerated to the point where they assist private operators in resisting state tax policies. In some cases, tax cadres falsify the number of those subject to taxes to build up a reserve as a precaution against a shortfall in the planned level assigned by upper echelons, and some even "blur" the number of tax evaders for their own profit.

Naturally, these instances of degeneration and deviance are only isolated cases but "one rotten apple spoils the barrel," and the observation and evaluation of public opinion in many locations is often unfair, causing good cadres in the tax sector to contemplate and even lack peace of mind in their work.

Fourth concerns uniform coordination of the tax sector with market management and legal sectors, and mass communications agencies. The tax sector by itself, despite a large number of cadres and sufficient quality, without unified coordination with concerned sectors under the firm supervision of party committee echelons and government leadership agencies at all levels, is simply alone and cannot complete the mission. Unfortunately, this coordination up to now has not been firm or regular with even cases in which tax cadres were assaulted and seriously injured by wrongdoers without prompt prosecution by the local government or legal agencies. This lack of coordination causes a loss in our composite strength in efforts to resist tax shortfalls, a strength that is weak now and steadily becoming weaker.

During the last 6 months of 1989, the amount of taxes to be collected is double that collected during the first 6 months of the year. To complete this mission, it is necessary to correctly and completely collect from the hundreds of thousands still slipping through the net or still contributing too little, and to exploit the collection of all types of taxes for which a large shortfall presently exists. One important, if not the most important, method is to immediately strengthen and consolidate the ranks of tax cadres to a level equal with the mission. To accomplish this, it is necessary first of all to stabilize and

streamline the industrial trade tax collection organization and apparatus, redistributing cadres with sufficient qualities, ethics and capabilities in the tax profession into the tax sector. Old cadres should not be disturbed if they still have the ability to perform the mission. Strengthen advanced professional training for cadres in the sector by regularly exchanging work experience, and studying the experience of locations performing good work. Inspect and reexamine the tax cadre ranks, suitably praise and reward good people and good work, resolutely prosecute those with disciplinary infractions, and restore the fair and impartial evaluation of society concerning the tax cadre.

Fifth is to ensure uniform coordination between the tax sector and the market management and legal sectors, and the mass communications agencies. Don't let a situation occur in which "each one plays his own instrument."

Taxation Inequities Deplored

42090329 Hanoi QUAN DOI NHAN DAN in
Vietnamese 18 Jul 89 pp 1, 4

[Article by Tran Anh Thai: "Taxes: Irrationalities and the Real Situation of Tax Undercollections"]

[Text] Taxes are an important and essential source of income for the national budget. Taxation is in fact not merely a matter of collection, but is also a combined political and socioeconomic task. It is a struggle to provide for society's expenditure needs and contributes to fighting monetary inflation and to carrying out the function of rationally regulating the incomes of the economic components, stimulating the development of production, and ensuring the stability and balanced development of the national economy. Realizing the importance of taxation in the present phase, during the National Assembly session at the end of 1988 the delegates approved the 1989 tax collection norms and determined that 25 to 30 percent of the national production income must be collected for the state budget. In attaining that level of mobilization, tax collection is truly a very difficult and complicated task, but we must still strive to attain it. In recent years tax collection has had both negative and positive aspects. In the implementation process some things have been rational and some have been irrational, so in the collection of the various kinds of taxes there has arisen the rather wide-spread situation of undercollection and abuse in tax collection, of which undercollection is the more important and serious.

According to a report of the Industrial-Commercial Tax Department, during the period between 1980 and 1987 the tax sector surpassed the state plan norms assigned it and doubled or tripled tax collections every year. The reason why the tax collection plan norms were surpassed was that during that period we paid too little attention to the taxable sources. The data used as the basis for drafting the plan were only estimates, so they were lower than the actual figures regarding both the number of

merchants and their incomes. During the succeeding period the tax levels that were set far exceeded the levels of price increases on the market. Furthermore, a number of outmoded tax policies were amended so that they could be appropriate to the actual situation and more rational, which led to an irrational situation and resulted in many protests from producers and businessmen.

The clearest manifestation of the irrationalities of taxation is the duplication of tax collections. The tax rates are high on some products the production of which is being encouraged, and because the specialized levels of the tax cadres does not measure up to the requirements of their work, so inspection, control, and classification of the objects of tax collection are inaccurate and irrational. In addition, there are many negative phenomena on the part of tax cadres who accept bribes and collude with private merchants to lower the tax rate, embezzle by altering receipts and documents, etc., which has caused a lack of confidence among the people. Over a long period of time many products, such as bicycles, sugar, and handicraft goods for export are subject to taxation from the production of components to the completion of the final product. Because they are taxed many times, the selling prices of some products have risen more rapidly than the production costs, which has caused the producers to encounter many difficulties in marketing their products. In general, the irrationalities of the tax work during the recent period have, to varying degrees, affected the production rate and commerce. They have caused the producers and businessmen to have a serious complex regarding taxation and have created an opening for private merchants to evade taxes. In some places private merchants have even taken drastic actions in opposing cadres collecting taxes.

The actual situation during the recent period has shown that although there are irrationalities in taxation they have not presented a serious danger to production and commerce. The most worrisome matter at present is that the undercollection of taxes is widespread and serious all over the nation, which has caused the state to suffer a big budgetary deficit and has resulted in a shortage of cash and a shortage of money to pay the salaries of cadres, workers, and civil servants, or to spend on matters of urgency and importance to the nation. That is truly a source of concern for many leadership echelons at the central and local levels. The present undercollection of taxes is taking place with regard to both sources of income: the undercollection of taxes with regard to the number of merchants and the undercollection of commercial income. The undercollection level averages about 50 percent and in some localities it amounts to 70 percent. According to research and in comparison to the tax collection levels in a number of socialist countries and the capitalist countries, nowhere has the level of tax undercollection been as great as in our country at present.

According to the data of a 1977 study, there are 763,345 individual businessmen in our country, but only 405,571 are subject to licence taxes. A study in Nghe Tinh

Province showed that in eight districts only 51.7 percent of the merchants doing business were being taxed. In Hau Giang Province, 261 collective establishments and 2,695 individual merchants still did not pay taxes in 1987. In Ho Chi Minh City, more than 40,000 businessmen in the transportation sector, 41 jointly operated enterprises, and 91 "life" enterprises have not yet been taxed. Furthermore, that is not to mention thousands of big private businessmen who hide under the designation of "state commerce" to evade taxes, and nationwide more than 10,000 deep-sea fishermen have not yet been taxed. In 1988 opposition to tax undercollection with regard to the number of people taxed was carried out positively, so the number of people subject to license taxes increased by 56,108 and the number subject to the collection of business and income taxes increased by 66,566. Many localities which opposed overlooking merchants added relatively large numbers: Hanoi, 5,000; Ho Chi Minh City, 16,000; Tay Ninh, 2,670 etc. However, in comparison to actual investigatory data, 40 percent of the businesses in the nation, including traveling merchants, barter merchants, etc., do not yet pay taxes. There has also been a large undercollection in the management of business income. According to surveys in a number of localities, only 20 to 40 percent of the actual number are taxed, and in one place only 11 percent are taxed. In Hanoi, a sample audit of 14 businessmen being taxed on the basis of a total income of 1.35 million dong actually had a total income of 12.182 million dong. One paid taxes on only 210,000 dong but his actual business income was 3 million dong.

During the first 6 months of the year 40 to 50 percent of the commercial income was not taxed. As of 15 May 1989 only 163 billion dong, equal to 30 percent of the annual plan norm, had been collected. At present, because there is a new policy to promote production among the economic components, the organs, enterprises, schools, and individuals have responded very strongly, especially in developing commerce, but practically none of them have registered to pay taxes. That situation has resulted in an undercollection of taxes with regard to the number of businessmen paying taxes and has caused the state to incur a budget deficit.

The reason for the serious undercollection of taxes that is widespread at present is that some places have not correctly enforced the tax law. Some localities, basing themselves on a number of irrational points of the tax policy, have incorrectly applied the law with regard to the tax schedule and licence taxes, have broadly reduced taxes, or have used their authority to prevent the tax sector from doing its job. Some places have set aside a certain number of merchants from whom to collect fees for the local budget and have not collected taxes from them. Ho Chi Minh City decided not to collect commercial taxes but changed over to collecting commercial income taxes on goods subject to the tax on goods

produced or purchased by the state. It lowered the tax rate and commercial taxes for marketing cooperatives, and stipulated that the slaughtering tax would be only 20 percent of that stipulated by the law, which resulted in a budget deficit of about 7 billion dong. Song Be Province decided not to place commodity taxes on coffee or tobacco and reduced slaughtering taxes by 50 percent, etc., which resulted in a deficit of millions of dong. The phenomenon of the subwards and villages setting aside some taxpayers for the collection of fees and not taxes is quite serious: it amounts to 2,500 taxpayers in An Giang and 4,106 taxpayers in Kien Giang, and the situation is similar in a number of other localities. Furthermore, the tax sector's guidance is lax. It has been slow to overcome many deficiencies and shortcomings. Management measures are still outmoded and have been improved little. The tax sector's organizational apparatus is unstable and has been changed many times. Its operational guidelines are not explicit and specific and, especially, most of the tax cadres at the local level are very inexperienced professionals and many are of poor moral quality and incapable of doing their jobs effectively.

The problem that is posed for all sectors, echelons, and localities at present is to strictly enforce the tax law. Furthermore, the tax sector must positively overcome the irrationalities and the situation of duplicated tax collections. The tax policy has been expanded and some tax rates have been lowered to stimulate the development of production and circulation. The tax policy has been expanded and some tax rates have been lowered to stimulate the development of production and circulation. Therefore, the localities must not, on their own accord, raise or lower the tax rates or grant broad tax exemptions, which will cause a state budget deficit. The tax collection methods must be renovated and improved to oppose the undercollection of taxes with regard to eligible taxpayers and taxable income. At present, they must concentrate on fighting tax evasion, carry out the system of collecting taxes according to monthly inventories, and strengthen the method of collecting taxes at the source. In addition to those measures, the tax sector must concentrate during a brief period on consolidating its organizational apparatus from the central level down to the basic level. It must hold regular training classes for cadres doing tax work. It must create a corps of tax cadres who have sufficient moral quality and ability to do their jobs. The tax work is very complicated. If it is not carried out well, how can the state obtain funds to pay salaries and meet other important expenses? The time has come when there must be full and objective awareness of the tax work, on the basis of which to bring about a complete transformation and obtain the support of all strata of working people. The National Assembly is debating and approving a project to renovate the tax system in our country. While awaiting the official promulgating of the law, the localities must continue to fully enforce the previously promulgated tax laws, in order to ensure that the tax work is carried out strictly and is effective.

Writer Says Finding Jobs for Youths Is Urgent Problem

42090359 Hanoi QUAN DOI NHAN DAN in Vietnamese 3 Aug 89 pp 1, 4

[Article by Thanh Tung]

[Text] In the present economic and social renovation movement, a problem that has arisen in youth work is finding jobs for youths. This is a very urgent social problem. In Vietnam today, there are more than 6 million people who are unemployed or who do not have stable jobs. Of these, the great majority are youths. In the cities, each year another 600-700,000 laborers enter the ranks of the unemployed, and of these 85-90 percent are youths. Today, approximately 10 percent of the population is unemployed, but for youths, that percentage is twice as great. That is a very worrisome statistic for society.

In the past period, to provide jobs for laborers in general and for youths in particular, the state and the localities, echelons, and sectors have implemented many policies concerning making investments, "opening the door" to expanding the economic elements, creating favorable conditions for attracting laborers, and providing jobs for hundreds of thousands of laborers. The Youth Union collectives and the Vietnam Youth Federation have promoted a movement to organize production, business, and service units to attract young laborers. Expanding international labor cooperation, which is very important, has attracted many youths.

In view of this, why is the number of unemployed youths increasing? Each year in our country, hundreds of thousands of youths complete their general educations but do not enter vocational colleges. For students who have completed Level 2, 700,000 must return to the localities without jobs. At the same time, tens of thousands of students graduate from vocational schools and colleges, and many youths who have fulfilled their military obligation leave the army and enter the labor market. The number of youths looking for work increases greatly every year, but the number of jobs created is much smaller. This has led to an imbalance between job "supply and demand." Another new social factor is that in conditions in which we are developing a multi-faceted commodity economy based on a spirit of renovation, the sectors and enterprises are reducing their staffs and so there is a surplus of skilled laborers. This makes it even more difficult to find jobs for new workers. During the past several years, the economic elements outside the state sector have expanded greatly, but there is no mechanism for selecting laborers. Thus, applying for a job is very difficult and complex, and many negative aspects have cropped up. Providing jobs for youths is becoming a more and more urgent problem for society in the present renovation movement.

The stabilization and development of society depends to a great extent on our ability to find jobs for youths and the results that they achieve in their work. Recently,

because of the increasingly difficult job situation, a large number of youths have done whatever they can to earn a living. Many youths have turned to illegal activities, which have contributed to the negative aspects in society. Something worth noting is that the attitudes of youths concerning vocations and jobs are displaying more and more deviations. Many youths want to find jobs in sectors where the work is easy and the pay high. They want to live in the cities near their families rather than go far away. If they are assigned to remote mountain areas, they abandon their jobs. They want to be assigned to state organizations and sectors and regard cooperative labor at the production installations and cottage industries in the rural areas as low paying work.

It must also be recognized that for a long time now, many negative aspects have existed within each echelon, sector, and locality in providing jobs and selecting people for school and for cooperative labor abroad. Many youths who have scored outstanding achievements in production, combat, and combat support along the border and who have fulfilled their international obligations have been bypassed in selecting people for study and cooperative labor. Many youths who have graduated from college and vocational schools have had great difficulty finding jobs. At the same time, many people who have just left general school, where they were poor students, and many people who have evaded their military obligation and remained idle have intrigued to attend school, be assigned positions where it is easy to make money, or be assigned to positions in state organizations. These negative aspects from the "concealed mechanism" have violated social fairness and had a great effect on the spirit of struggle and confidence of youths.

On the other hand, it must be realized that there are still many limitations in educating and training our youths and children. During the past period, the education sector has undergone a serious decline, with attention focused on providing cultural education instead of an all-round education. And there are still many economic difficulties and negative social aspects. All of these things have had a great effect on youths. Today, there is an increase in low intelligence, limited occupational perspectives, personality shortcomings, "pragmatic" tendencies, and negative aspects among a large number of youths.

The youth policy is a social policy directed toward the future. The party, state, and all the people must work together to solve the problem of finding jobs for youths and ensure that youths work effectively, make contributions, and mature. We propose that attention be given to implementing the following as soon as possible:

The school system (of the state, localities, and sectors) and vocational and occupational echelons must be expanded using many suitable forms in order to attract and train youths with the aim of creating a force of young technical laborers in the economic sectors, particularly the country's key technical economic sectors such the

machine, electronics, and chemical sectors. At a time when the economy is still bad, we must appropriate a suitable percentage of the revenue sources from cooperative labor and mobilize money contributed by our embassies abroad for investment in this sphere. Along with giving attention to all-round education and providing education to all youths, we must give priority to investing a suitable amount in training the ranks of young intellectuals in each sphere. In particular, priority must be given to making good use of people and implementing creative procedures and policies to encourage people.

The Youth Union organizations cannot remain idle. The state must implement special policies and enable the Youth Union and Youth Federation collectives to organize and expand the production, commercial, and service units. For example, assault youth units must go reclaim wasteland and build projects, and youth regiments must carry out both economic and national defense tasks in the Dong Thap Muoi region. These forms of organization, which will create long-term jobs, provide good training for youths, and contribute to producing goods for society, should be expanded rapidly.

Sending youths to engage in international cooperative labor should be expanded. This is a very important task, and everything from selecting people and organizing education to satisfying interests must be carried out better. In selecting people, an attitude of "bestowing favors" and the negative aspects existing in a number of people must be opposed. The organizations and sectors must give priority to the children of war dead and wounded soldiers and soldiers who have fulfilled their military obligation and been discharged. They must ensure democracy and fairness.

The localities must encourage and create favorable conditions for expanding the people's self-organization movement based on expanding the economic elements, particularly the collective and family elements, and create more jobs in order to attract young laborers and discharged soldiers to the localities and ensure that they soon have jobs and a stable income.

The state should soon promulgate laws or orders under the law, such as labor and youth laws, and clearly stipulate the labor obligations of youths. It must stipulate work and study rights and obligations. Every youth must fulfill his labor obligation (with the exception of those who fulfilled their military obligation). This will both educate the youths and create a basis for selecting those people who have scored outstanding achievements and made good contributions to building and defending the fatherland. These people must be given preference when hiring people, sending people to school, and sending people to engage in cooperative labor.

SOCIAL

College Students Protest Living Conditions

42090345 Hanoi TIEN PHONG in Vietnamese
13 Jun 89 p 3

[Article by Ho Thu Hien and Ngoc Tinh]

[Text] Recently, public opinion in Hanoi, especially among students attending colleges and advanced schools, was animated by the rumor that students at the Communications and Transportation College (in Hanoi) were "conducting a hunger strike, demonstrating, refusing to attend classes, etc."

A TIEN PHONG correspondent immediately went to that college to meet with students and leaders to ascertain the truth about the rumor. At 1105 on 30 May 1989, the subsistence office of the Communications and Transportation College notified the college board that the doors of the dining hall had been open for more than 30 minutes but not one student was seen to enter. The number of students scheduled to eat that day was 224. This was a strange and unprecedented occurrence. Immediately, the college board sent Vice President for Internal Affairs Nguyen Hong Ung to the student dining hall and dormitory (about 2 kilometers from the college). The vice president held a meeting in the student club to hear the students air their views. About 150 students attended. Also present were representatives from the college youth union and students' association. The vice president listened to, explained, and promised to resolve a number of the students' requests. However, for the afternoon meal, 191 students still did not come to eat in the dining hall. Present in the housing and dormitory area during the afternoon and all night on 30 May to listen to and seek additional understanding on the thoughts, aspirations, and proposals of the students, was college president and professor, Dr. Do Doan Hai, and the college board, and on the morning of 31 May, a direct dialogue was held with the students. At this dialogue, the students directly stated their reasons (and at the same time their requests and proposals) for not eating collective meals (it was not a hunger strike because they were eating in the shops of the college's consumer cooperative, in privately operated shops surrounding the college, etc.).

First, the quality of the meals in the dining hall was substandard: the rice was bad and there was a shortage of food.

Second, the support attitude of the cadres, workers, and civil servants in the subsistence office and dining hall toward the students was arrogant, overbearing, and impolite.

Third, the payment of monthly student surplus and shortage accounts at the dining hall was slow.

Fourth, there was a shortage of water for the students to wash with and to drink.

Fifth, student reexamination fees and rent during summer vacation were too high.

There were a number of other issues related to cultural and spiritual activities, the scholarship system, the outstanding student incentive system, etc.

Right during these two meetings, the college leaders promptly resolved a number of student requests. At the noon meal on 31 May, 204 students entered the dining hall. At the afternoon meal on that day, up to 444 servings were cooked and all were eaten. It must also be stated that during the 2 days of 30 and 31 May, every teaching, study, examination, etc. activity of the students and the college were conducted as usual.

How did the college board of the Communications and Transportation College meet the requests of the students?

First of all, the school leaders, by promptly listening to and conducting a direct dialogue with the students, affirmed that their requests were legitimate, and that their attitude was proper (with the exception of some individuals). From this, the college leaders decided immediately on a number of responses to the students' requests:

The bad rice was replaced with good rice. It must also be clearly indicated that this matter had the extremely positive and active assistance of the Standing Committee of the Hanoi Municipal People's Committee and the municipal grain sector, who were present at the college on the night of 30 May to exchange 2.8 tons of rice. This rice was part of 10 tons of rice purchased by the subsistence office on 24 April at a price of 650 dong per kilogram (at the March rice standard), paid for in check in accordance with regulations. Payments (completed on 31 May) amounted to more than 3 million dong in student surplus funds from March and April 1989. The fees collected for student reexaminations were reduced from 1,000 dong per reexamination to 500 dong; and from 2,000 dong per reexamination (the second time) to 1,000 dong.

Regarding water for washing: the pump drawing water from a 50 cubic-meter tank for bathroom tanks was

restored to operation (this water pump has been under student management since 22 May but was not operating on the 2 days of 28 and 29 May because they did not understand the technology and method of use.) On the other hand, also due to the assistance of municipal water sectors and echelons, faucets on pipes running into the tank have more than enough water. The support attitude of the subsistence office and student dining hall collective has clearly changed. A number of other student requests are receiving continued response. During June, a spacious, clean, and beautiful student dining hall (of three stories) will be placed in use. The washroom system in the two four-story housing areas will be repaired (with a fund of more than 3 million dong). The theme and form of student support in the student club will be maintained and improved, a loudspeaker and press system will be added to the student dormitory, etc.

The party committee and college board of the Communications and Transportation College have strictly reviewed their responsibility for the students' recent refusal of collective meals, an action aimed at protesting the support attitude and quality of meals of the subsistence office, and simultaneously on this occasion to propose that the college resolve a number of legitimate student requests.

Under conditions in which our economy and society are encountering a great many pressing difficulties with the cadres, workers, and civil servants forced to enthusiastically endure hardships and shortages, the lives of students in colleges and advanced schools are increasingly difficult. The gradual and effective alleviation of this difficulties is first of all the responsibility of college and advanced school leaders, and is at the same time the responsibility of the ministry in charge and concerned sections and sectors. In reality, schools such as Agricultural College 1, Hanoi University, etc., because the college board and school organizations regularly listen to, maintain contact with, and conduct direct dialogues with the students, have found many effective methods for initially resolving difficulties in the lives of the students. The recent refusal of students at the Communications and Transportation College to eat collective meals is a lesson in experience not only for the college board but also other organizations of the school.

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